BANVİT BANDIRMA VİTAMİNLİ YEM SANAYİİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2022 WITH INDEPENDENT AUDITOR'S REPORT (Originally Issued In Turkish)

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BANVİT BANDIRMA VİTAMİNLİ YEM SANAYİİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

(All Amounts Are Expressed In Turkish Lira ("Tl") Unless Otherwise Stated.
All Financial Information Presented In Tl At Full Terms, Except When Otherwise Indicated.)

		Audited	
	Note	**31 December 2022**	**31 December 2021**
ASSETS			
Current Assets			
Cash and cash equivalents	*3*	536,862,408	769.346,310
Trade receivables		784,708,299	558,554,752
-Related parties	*6*	*20,458,028*	*33,652,282*
-Other parties	*7*	*764,250,271*	*524,902,470*
Other receivables		11,685,658	11,406,845
-Other parties	*8*	*11,685,658*	*11,406,845*
Inventories	*9*	1,047,391,319	1,034,167,589
Biological assets	*10*	766,521,043	380,529,090
Prepaid expense	*11*	195,959,269	184,666,902
Current tax assets	*32*	82,267,920	-
Other current assets	*22*	661,483,167	53,032,868
Subtotal		**4,086,879,083**	**2,991,704,356**
Assets held for sale	*23*	16,618,337	22,818,494
Total Current Assets		**4,103,497,420**	**3,014,522,850**
Non-Current Assets			
Other receivables		125,832	106,373
-Other parties	*8*	*125,832*	*106,373*
Property, plant and equipment	*14*	2,581,771,014	712,461,517
Right of use of assets	*16*	28,991,101	42,287,935
Intangible assets	*15*	52,325,074	3,652,186
-Other intangible assets		*52,325,074*	*3,652,186*
Prepaid expenses	*11*	97,780,980	20,757,936
Deferred tax assets	*32*	-	18.250.769
Other non-current Assets	*22*	156,106,020	-
Total Non-current Assets		**2,917,100,021**	**797,516,716**
Total Assets		**7,020,597,441**	**3,812,039,566**

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

BANVİT BANDIRMA VİTAMİNLİ YEM SANAYİİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AS AT 31 DECEMBER 2022

(All amounts are expressed in TL unless otherwise stated.
All financial information presented in TL at full terms, except when otherwise indicated.)

		Audited	
	Note	**31 December 2022**	**31 December 2021**
LIABILITIES			
Short-term Liabilities			
Short-term borrowings	*5*	1,378,400,089	335,799,880
Short-term lease liabilities	*5*	13,602,627	*12,031,613*
-Lease liabilities to other parties		*13,602,627*	*12,031,613*
Short-term portions of long-term borrowings	*5*	348,776,956	459,408,014
Other financial liabilities	*5*	49,910,622	15,012,263
Trade payables		2,340,129,789	1,201,678,951
-Related parties	*6*	*832,596*	*1,911,616*
-Other parties	*7*	*2,339,297,193*	*1,199,767,335*
Liabilities related to the employee benefits	*21*	35,175,754	20,598,112
Derivative Instruments		15,034,880	-
Other payables		13,152,939	1,486,151
-Related parties	*6*	*11,275,327*	-
-Other parties	*8*	*1,877,612*	*1,486,151*
Deferred revenue	*12*	20,454,849	26,767,454
Current tax liabilities	*32*	-	38,663,109
Short-term provisions		61,039,718	52,890,957
-Provisions related to the employee benefits	*20*	*45,697,104*	*45,156,217*
-Other	*19*	*15,342,614*	*7,734,740*
Other short-term liabilities		1,109,328	103,577
Total		**4,276,787,551**	**2,164,440,081**
Total Short-term Liabilities		**4,276,787,551**	**2,164,440,081**
Long-term Liabilities			
Long-term borrowings	*5*	128,003,171	291,513,416
Long-term lease liabilities	*5*	12,814,979	26,231,816
-Lease liabilities to other parties		*12,814,979*	*26,231,816*
Other liabilities		100,000	105,310
-Other parties		*100,000*	*105,310*
Deferred revenue		-	5,367,232
Long-term provisions		283,197,868	80,284,668
-Provisions related to the employee benefits	*20*	*283,197,868*	*80,284,668*
Deferred tax liability	*32*	176,370,503	-
Total Long-term Liabilities		**600,486,521**	**403,502,442**
Total Liabilities		**4,877,274,072**	**2,567,942,523**
EQUITY			
Paid-in share capital	*24*	100,023,579	100,023,579
Inflation adjustment of capital	*24*	6,348,821	6,348,821
Accumulated other comprehensive expense that will not be reclassified through profit or loss		1,483,853,586	375,286,991
-Remeasurement of the defined benefit liability		*(191,795,233)*	*(38,750,632)*
-Fixed assets revaluation	*24*	*1,675,648,819*	*414,037,623*
Accumulated other comprehensive expense that may be reclassified through profit or loss		668,793,030	457,900,786
-Translation differences	*24*	*678,430,263*	*457,900,786*
-Hedging gains	*24*	*(9,637,233)*	-
Restricted reserves	*24*	15,190,838	15,190,838
Other reserves	*24*	5,611,290	5,611,290
Accumulated gains/(losses)	*24*	306,157,937	188,583,939
Loss/(Profit) for the period		(442,655,712)	95,150,799
Total Equity		**2,143,323,369**	**1,244,097,043**
Total Equity and Liabilities		**7,020,597,441**	**3,812,039,566**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AS AT 31 DECEMBER 2022

(All amounts are expressed in TL unless otherwise stated.
All financial information presented in TL at full terms, except when otherwise indicated.)

	Note	**Audited** **1 January- 31 December 2022**	**1 January- 31 December 2021**
PROFIT OR LOSS			
Revenue	*25*	10,993,823,980	5,321,483,536
Cost of Sales (-)	*25*	(10,153,539,658)	(4,641,890,751)
Gross Profit from Business Operations		**840,284,322**	**679,592,785**
General administrative expenses (-)	*26*	(168,105,419)	(116,699,116)
Selling, marketing and distribution expenses (-)	*26*	(657,975,088)	(258,858,751)
Research and development expenses (-)		(171,626)	(3,149,033)
Other income from operating activities	*28*	489,917,209	263,082,327
Other expenses from operating activities (-)	*28*	(572,455,953)	(493,061,653)
(Loss) / Profit From Operating Activities		**(68,506,555)**	**70,906,559**
Income from investing activities	29	16,818,363	128,413,327
Loss from investing activities (-)	*29*	-	(25,776,930)
(Loss) / Profit From Operating Activities Before Financial Expense		**(51,688,192)**	**173,542,956**
Finance income	*30*	52,175,653	169,198,659
Finance expenses (-)	*30*	(462,031,103)	(224,448,872)
Financial Expenses, Net (-)		**(409,855,450)**	**(55,250,213)**
(Loss) / Profit Before Tax		**(461,543,642))**	**118,292,743**
Tax (Expense)/Income			
-Current tax income/(expense)	*32*	-	(44,716,967)
-Deferred tax income	*32*	18,887,930	21,575,023
(Loss) / Profit For the Period		**(442,655,712)**	**95,150,799**
Distribution of Net (Loss) / Profit			
-Parent company	*33*	(442,655,712)	95,150,799
(Loss) / Earnings per share			
(Loss) / Earnings per share from continuing operations	*33*	(4,4255)	0,9513
Diluted (loss) / earnings per share from continuing operations	*33*	(4,4255)	0,9513
OTHER COMPREHENSIVE INCOME			
That will not be reclassified through profit or loss	*31*	**1,130,989,794**	**(4,505,215)**
- -Tangible asset revaluation increases/(decreases)	*14*	1,539,017,158	-
- - Deferred tax income/(expense)		*(254,982,763)*	-
-Remeasurement of the defined benefit liability		*(191,305,751)*	*(5,631,519)*
-- Remeasurement of the defined benefit liability deferred tax income/loss		*38,261,150*	*1,126,304*
That may be reclassified through profit or loss		**210,892,244**	**149,752,595**
- -Cash flow hedge gains/(losses)		*(12,849,644)*	-
- - Deferred tax income/(expense)		*3,212,411*	-
- -Translation reserve	*31*	*220,529,477*	*149,752,595*
Total Other Comprehensive Income		**1,341,882,038**	**145,247,380**
Total Comprehensive Income		**899,226,326**	**240,398,179**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts are expressed in TL unless otherwise stated. All financial information presented in TL at full terms, except when otherwise indicated.)

			Other accumulated comprehensive income and expenses not to be reclassified in profit or loss		**Other accumulated comprehensive income and expenses to be reclassified in profit or loss**				**Retained (Losses) / Earning**		
	Paid-in capital	***Capital adjustment differences***	***Revaluation and measuring gain/ (loss) from defined benefit plans***	***Revaluation funds***	***Change in foreign exchange differences***	***Hedging gains/losses***	***Other reserves***	***Restricted profit reserves***	***Retained earnings***	***Net (loss) / profit for the period***	***Total equity***
Balance as at 1 January 2021	**100,023,579**	**6,348,821**	**(34,245,417)**	**427,419,945**	**308,148,191**	**-**	**5,611,290**	**15,190,838**	**374,949,427**	**(199,747,810)**	**1,003,698,864**
Transfers	-	-	-	(13,382,322)	-		-	-	(186,365,488)	199,747,810	-
Subsidiary sales impact (*)	-	-	-	-	(137,759,280)		-	-	-	-	(137,759,280)
Total comprehensive income	-	-	(4,505,215)	-	287,511,875		-	-	-	95,150,799	378,157,459
Balance as at 31 December 2021	**100,023,579**	**6,348,821**	**(38,750,632)**	**414,037,623**	**457,900,786**	**-**	**5,611,290**	**15,190,838**	**188,583,939**	**95,150,799**	**1,244,097,043**
Balance as at 1 January 2022	**100,023,579**	**6,348,821**	**(38,750,632)**	**414,037,623**	**457,900,786**	**-**	**5,611,290**	**15,190,838**	**188,583,939**	**95,150,799**	**1,244,097,043**
Transfers	-	-	-	(22,423,199)	-	-	-	-	117,573,998	(95,150,799)	-
Total comprehensive income	-	-	(153,044,601)	1,284,034,395	220,529,477	(9,637,233)	-	-	-	(442,655,712)	899,226,326
Balance as at 31 December 2022	**100,023,579**	**6,348,821**	**(191,795,233)**	**1,675,648,819**	**678,430,263**	**(9,637,233)**	**5,611,290**	**15,190,838**	**306,157,937**	**(442,655,712)**	**2,143,323,369**

(*) Note 24.

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

BANVİT BANDIRMA VİTAMİNLİ YEM SANAYİİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts are expressed in TL unless otherwise stated.
All financial information presented in TL at full terms, except when otherwise indicated.)

	Note	Audited 1 January- 31 December 2022	1 January- 31 December 2021
CASH FLOWS ARISING FROM OPERATING ACTIVITIES			
(Loss) / Profit for the Period		**(442,655,712)**	**95,150,799**
Adjustments Regarding Net (Loss) / Profit Reconciliation for the Period:		**464,332,308**	**608,183,901**
Adjustment of Depreciation And Amortization	*27*	283,065,812	252,279,924
Adjustment of Decrease in Value of Trade Receivables	*7*	(1,053,156)	(107,087)
Relative Adjusment		2,569,928	-
Adjustment of Decrease (Reversal) in Value in Inventories	*9*	(5,439,648)	17,894,940
Adjustment of Provisions for Employee Benefits	*20*	25,291,061	60,676,613
Adjustments Regarding Provisions	*19*	7,607,874	518,865
Adjustments Regarding Foreign currency Translation Difference		-	130,695,359
Adjustments Regarding Tax (Income) / Expense	*32*	(18,887,930)	23,141,944
Adjustments Profit/Loss on disposal of tangible and Intangible Assets, net		-	4,117,806
Adjustment for impairment of asset held for sale	*23*	-	(64,591,427)
Adjustments for losses and gains from the disposal of assets held for sale	*23*	(16,818,363)	95,596,504
Interest paid	*30*	204,928,472	179,982,310
Interest income	*30*	(16,931,742)	(92,021,850)
Changes in Working Capital		**448,380,750**	**(527,776,992))**
Change in Trade Receivables		(225,100,391)	(199,650,223)
Change in Inventories		322,094,324	(594,586,310)
Change in Trade Payables		1,138,450,838	361,520,043
Change in Employee Benefits		14,577,642	10,893,203
Change in Government Grants		(16,918,055)	-
Change in Other Assets Regarding Operating Activities		(759,228,903)	(132,808,531)
Change in Other Liabilities Regarding Operating Activities		(25,494,705)	26,854,826
Net Cash Provided from Operating Activities		**470,057,346**	**175,557,708**
Taxes paid	*32*	(120,931,029)	(2,695,951)
Payments made within the scope of provisions for employment benefits	*20*	(13,142,725)	(45,287,245)
Net Cash (Used in)/Provided From Operating Activities		**335,983,592**	**127,574,512**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds From Sale of Property, Plant, Equipment and Intangible Assets		87,308	4,941,980
Acquisition Of Property, Plant, Equipment, and Intangible Assets	*14 ,15*	(454,058,947)	(145,659,702)
Proceeds From Assets Held for Sale		23,018,520	290,301,650
Cash Advances and Payables Given		(77,023,044)	(20,617,497)
Proceeds From Sale of Biological Assets	*10*	7,285,494,410	3,119,863,192
Acquisition And Physical Change on Biological Assets		(8,196,127,335)	(3,431,700,705)
Net Cash Flows (Used in) Investing Activities		**(1,418,609,088)**	**(182,871,082)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans	*5*	2,880,580,245	600,351,990
Repayment of borrowings	*5*	(2,130,336,101)	(266,000,000)
Repayment of lease liabilities		(18,524,018)	(27,780,353)
Proceeds from other financial liabilities	*5*	34,898,359	15,012,263
Interest Income		16,931,742	92,021,850
Interest paid		(180,035,515)	(165,761,000)
Cash Flows Provided From Financing Activities		**603,514,712**	**247,844,750**
NET INCREASE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF TRANSLATION DIFFERENCE		**(479,110,784)**	**192,548,180**
EFFECT OF TRANSLATION DIFFERENCE ON CASH AND CASH EQUIVALENTS		**220,529,477**	**63,193,899**
NET INCRESE OF CASH AND CASH EQUIVALENTS		**(258,581,307)**	**255,742,079**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**752,939,362**	**497,197,282**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	*3*	**494,358,055**	**752,939,362**

The accompanying notes are an integral part of these consolidated financial statement.

1 ORGANZATION AND OPERATION OF THE GROUP

Banvit Bandırma Vitaminli Yem Sanayii Anonim Şirketi ("Company" or "Banvit"), was registered in Bandırma, in Turkey, in 1968. 8,29 % (31 December 2021: %8,29) of Banvit shares is listed on Istanbul Stock Exchange ("ISE").

The main operations of Banvit are marketing, slaughtering and production of animal feed, breeding eggs, one-day-old chicks, live turkeys, live chickens, processed turkeys, and processed chickens. Financial statements in this consolidated Statement include the Company and its subsidiaries. In the following sections, the Parent Company and its subsidiaries will be referred to as "Group".

The subsidiaries included in consolidation as of 31 December 2022 and 31 December 2021, their cities of incorporation, nature of businesses and participation rates of the Company are as follows:

			Participation Rate	
	Country of Subsidiary	**Field of Subsidiary**	**31 December 2022**	**31 December 2021**
Nutrinvestments B.V.	Holland	Holding Company	100.00%	100.00%
Banvit Enerji ve Elektrik Üretim Anonim Şirketi ("Banvit Enerji")(*)	Turkey	Energy production	100.00%	100.00%
Banvit ME FZE	United Arab Emirates	Marketing and sales	100.00%	100.00%

Banvit's subsidiary, Nutrinvestments B.V. was established on 18 August 1999 as a holding company in Amsterdam, Holland.

5.000 shares of Banvit Enerji ve Elektrik Üretim Ltd. Şti., a subsidiary of Banvit, owned by individuals have been transferred to Banvit as of 8 December 2015. Banvit Enerji pursuant to the conversion provisions regulated between the 180th and 190th articles of the Turkish Commercial Code No. 6102; It has turned into a joint stock company with the title "Banvit Enerji ve Elektrik Üretim Anonim Şirketi". It was registered by Bandırma Trade Registry Office on 23.12.2022. In addition, the announcement regarding this matter was published in the Turkish Trade Registry Gazette dated 23.12.2022 and numbered 10479.

(*) Nutrinvestments B.V.'s subsidiary Banvit ME FZE, was established on 16 July 2012 for the purpose of marketing operations of the products of the Group at gulf countries as a free zone company in Jebel Ali Free Zone in the United Arab Emirates. Since it was not beneficial for Banvit ME FZE to continue its activities, it was decided to start the liquidation proceedings of Banvit ME FZE with the general assembly resolution of Nutrinvestments B.V. dated 29.03.2022. The liquidation of Banvit ME FZE is not expected to have a significant impact on the Group's operations and financial statements. Liquidation processes, required legal processes under the relevant law, have not been completed yet as of the reporting date.

1 ORGANZATION AND OPERATION OF THE GROUP (Continued)

Banvit's subsidiary, Banvit Enerji, was established on 14 May 2009 and registered on 5 June 2009 for the purpose of establishing, commencing and renting manufacturing plants to have the energy sources turned into electrical energy in those plants, producing electrical energy, selling the produced electrical energy and/or the capacity of the produced energy to the customers. Banvit Enerji detains an electricity generation license issued by EMRA (Electricity Market Regulator Authority) on 25 October 2010. The license is valid until 22 February 2059 with 16 months pre-plant construction period and 18 months completion of plant construction.

As of 31 December 2022 and 31 December 2021, the number of personnel by category is as follows:

	31 December 2022	**31 December 2021**
Blue collar	4,334	4,473
White collar	703	715
Total employees	**5,037**	**5,188**

The address of the registered office and headquarters of the Company is as follows:

Ömerli Mahallesi, Ömerli Sokak, No: 208
10202 Bandırma - Balıkesir / Turkey
Website: http://www.banvit.com/

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

Measurement basis

With the exception of building, lands and improvements, machinery and equipment, biological assets and assets held for sale which are measured at fair value, the consolidated financial statements are based on historical costs. The financial statements have been prepared on the basis of historical cost adjusted for inflationary effects ending on 31 December 2004.

Functional and reporting currency

The Parent Company uses Turkish Lira ("TL") as functional currency and reporting currency. The functional currencies used by the subsidiaries are as follows;

	Functional Currency
Nutrinvestments B.V.	Euro
Banvit ME FZE	Arab Emirates Dirham ("AED")

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of presentation (Continued)

The financial statements of entities whose functional currency is not TL are prepared in their own function currency and these financial statements are translated to TL for consolidation purposes in accordance with the TAS 21 (The Effects of Changes in Foreign Exchange Rates). The Group has determined its reporting currency as the Turkish Lira for presentation purposes of consolidated financial statements and explanatory notes. All currencies other than the currency selected for measurement of the consolidated financial statement items are foreign currencies.

Foreign currency transactions of related subsidiaries are translated to the functional currency at the actual rates applicable of the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates valid at the reporting dates. Translation gains and losses related to monetary items represent the difference between the amounts calculated in the functional currency valid at the beginning and the end of the period.

Adjustment of financial statements in hyperinflationary periods

As per the 17 March 2005 dated, 11/367 numbered decree of CMB, companies engaged in Turkey and those of which prepare their financial statements in accordance with the CMB Accounting Standards (including IAS/IFRS exercisers), use of inflationary accounting standards have been discontinued effective from 1 January 2005. Accordingly, “Financial Reporting Standards in Hyperinflationary Economies”, (“IAS 29”) was no longer applied henceforward.

Public Oversight Accounting and Auditing Standards Authority ("POA") made an announcement on 20 January 2022 about Application of Financial Reporting in Hyperinflationary Economies for Turkish Financial Reporting Standards and Reporting Standards for Large and Medium Sized Entities. In accordance with the announcement, companies that apply TFRS should not adjust financial statements for TAS 29 - Financial Reporting in Hyperinflationary Economies for the year 2021. As of the preparation date of this year end consolidated financial statements, POA did not make an additional announcement and no adjustment was made to these consolidated financial statements in accordance with TAS 29.

Foreign currency transactions

Transactions in foreign currencies are translated to TL at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognized in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of presentation (Continued)

The closing exchange rates for the year ended are as follows:

	31 December 2022		31 December 2021	
	Period End	**Average**	**Period End**	**Average**
Euro ("EUR") / TL	19.9349	17.3775	14.6823	10.4572
United States Dollars ("USD") / TL	18.6983	16.5659	12.9775	8.8719
Great Britain Pounds ("GBP") / TL	22.4892	20.3295	17.4530	12.1586
United Arab Emirates Dirham ("AED") / TL	5.0627	4.5113	3.5134	2.4313

Statement of Compliance with Turkish Financial Reporting Standards ("TFRS")

The Parent Company and its subsidiary in Turkey maintains its books of account and legal records with respect to fiscal legislation is Turkish Lira (TL). The Subsidiaries which are operating in abroad maintains its books of account and legal records with respect to fiscal legislation of their country and currency.

The accompanying financial statements are prepared in accordance with TFRS published by Public Oversight Accounting and Auditing Standards Authority ("POA") together with the provisions of accordance with to Capital Market Board of Turkey ("CMB")'s "Principles of Financial Reporting in Capital Market" dated 13 June 2013 and published in the Official Gazette numbered 28676 Series II. No.14.1. TFRS consist of standards and interpretations which are published as Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards, TAS interpretations and TFRS interpretations.

The consolidated condensed financial statements have been presented in accordance with the TFRS Taxonomy developed on the basis of the financial statement examples determined in the Financial Statement Examples and User Guide published by POA on October 4, 2022.

The Group's consolidated financial statements as at and for the year ended 31 December 2022 were approved by the Group Management on 28 February 2023. The General Assembly and the related regulatory bodies have the right to amend the financial statements prepared in accordance with legal regulations and the financial tables prepared in accordance with TAS.

Consolidation principles:

Where the Company has a voting right of more than 50% in an entity due to its direct (a) and/or indirect shareholding within the entity or where the Company uses effective control on the financial and operating policies of the entity to the Company's own advantage even without (b) holding more than 50% of the shares, the entity is included as a subsidiary in the consolidation.

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of presentation (Continued)

All items of the statement of financial position except for the paid-in capital of the Parent Company and its subsidiary and their equities at the acquisition date are added, and intercompany balances are eliminated. The Parent Company's interest in the subsidiary is set off against the Financial Assets account of the Parent Company and the Share Capital account of the subsidiary.As of the acquisition date that the entity included in the consolidation becomes a subsidiary and in the subsequent share acquisitions, the acquisition cost of the Parent Company's shares in its subsidiary is set off against the value representing these shares in the equity account of the Subsidiary's statement of financial position drawn up according to fair value.

Shares other than Parent Company shares and Subsidiary shares are deducted from all equity account group items including the paid in/issued share capital of subsidiaries included in the consolidation and are recognized as "Non-controlling interests" in the equity account group of the consolidated statement of financial position.

The Group decided to transfer the shares of its subsidiary Banvit Foods S.R.L, with the Sale Purchase Agreement dated 17 December 2021, to Aaylex System Group S.Aat a transaction amount of EUR 20,300,000.00. With the completion of the prerequisites within the scope of the contract, the share transfer transactions took place on May 4, 2022 and the transfer transactions were completed.

Comparatives and restatement of prior periods' financial statements

The consolidated financial statements of the Group include comparative financial information to enable the determination of the trends in the financial position and performance. Comparative figures are reclassified, where necessary, to conform to changes in presentation in the current period consolidated financial statements and the significant changes are explained.

The group presented its deferred tax assets and liabilities net as of 31.12.2022.

2.2 Significant accounting estimates and assumptions

The preparation of the consolidated financial statements require Group Management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Those estimates are reviewed periodically, and as adjustments become necessary, they are reported in statements of income in the periods they become known.

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Significant accounting estimates and assumptions (Continued)

Significant estimates used in the preparation of these financial statements and the significant judgments with the most significant effect on amounts recognized in the consolidated financial statements are as follows:

a) Provision for employment termination benefits

Termination indemnity liability is determined by using actuarial assumptions as discount rates, future salary increases and employee turnover rates by the Group. As these plans are long term plans, the said assumptions include significant ambiguities. Actuarial gains or losses are stated in consolidated other comprehensive income.

b) Trade receivable

Provision for doubtful receivables is an estimated amount that Group Management believes to reflect for possible future losses on existing receivables that have collection risk due to current economic conditions.

c) Useful life

The useful economic lifetime of Group's assets are determined by Group Management at acquisition date of asset and they are revised regularly. Group determines the useful lifetime of an asset by considering the assets' approximate benefit. This assessment based on the experience of used similar assets. The Group considers the situation that will become unusable in terms of technical or commercial values, as a result of changes or progression in the market when determine the useful lifetime of an asset.

d) Revaluation of land, buildings and land improvements, machinery and equipments

The frequency of revaluation studies is determined to ensure that the carried values of the tangible fixed assets and investment properties are not significantly different from their fair values as of the end of the relevant reporting period. The frequency of the revaluation studies depends on the change in the fair value of the tangible assets. In cases where the fair value of a revalued asset is considered to be significantly different from its carrying value, the revaluation study needs to be repeated, and this study is carried out for the entire class of assets with the revaluated asset as of the same date.
On the other hand, it is not necessary to repeat the revaluation studies every year for the tangible fixed assets whose fair value changes are insignificant.

In this context, as a result of the evaluations made by the Group management, the land and lands, buildings and surface improvements and machinery, facilities and devices are reflected in the financial statements at their fair values determined in the valuation studies carried out by an independent professional valuation company authorized by the CMB as of 31 December 2022.

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Significant accounting estimates and assumptions (Continued)

Details of the methods and assumptions used within the scope of the valuation studies performed are as follows.

- In fair value calculations, the most effective and efficient use evaluation was made and the current usage purposes were determined as the most effective and efficient use, and the peer comparison method was used for lands and plots, and the cost approach method was used for underground and surface landscapes and buildings.

- In the peer comparison method, the existing market information was used, the prices were adjusted within the framework of the criteria that may affect the market value, considering the similar real estates that were recently put on the market, and the average m2 sales value for the plots subject to the report was determined. The peers found were compared according to criteria such as location, size, zoning status, physical characteristics, and real estate marketing firms were interviewed for an up-to-date evaluation of the real estate market, and the existing knowledge of an independent professional valuation company was used.

- In the cost approach method, the value of the real estate is determined by adding the investment costs on the land to the land value after amortization (subtracting the depreciation after adding any interest or gain). In the calculation of the land value among the components discussed in the cost approach method, the equivalent comparison method explained above was used.

- Cost approach method was used in valuation of property, plant and equipment. Due to the fact that valuation is an integrated industrial plant valuation as a whole, in the light of market data to the extent that it is applicable in valuation of property, plant and equipment; It was built on active and operational values within the integrated plant and the property, plant and equipment in question were examined on a line basis.

The values that may occur during the realization of purchase/sale transactions may differ from these values.

e) Deferred tax asset

Deferred tax liability for all taxable temporary differences is accounted for when the deductible temporary differences, deferred tax assets through future taxable profits is probable to take advantage of this difference provided are recognized.

f) Impairment of inventory

In calculating impairment, the physical status and aging of inventories are reviewed taking into consideration the technical personnel's opinion; and provision is made for items assumed unserviceable. In determining the net realizable value of inventories, inventory price lists and average discount rates of the year are used and assumptions are made in relation to sales expenses to be incurred in the future.

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Significant accounting policies

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of cash flows comprise cash, credit card receivables, banks and short term investments of short maturity (up to 3 months) and high liquidity which are easily convertible to specific amounts of cash and maturing in a maximum of 3 months.

Inventories

Inventories are stated at the lower of cost or net realizable value. The cost of inventories comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present state and condition. The costs of inventories are determined by weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

Biological Assets

Biological assets are measured at fair value less costs to sell, with any change therein recognized in profit or loss. If fair value cannot be reliably measured, the asset is measured at cost less accumulated depreciation and impairment losses. Breeding chickens, laying hens and broiler chickens are classified under biological assets in the consolidated financial statements. Laying and breeding chickens are amortized on the basis of their economic life according to the laying period. Since these biological assets do not have an active market, they are reflected in the consolidated financial statements after deducting the accumulated amortization and impairment losses, if any Broiler live chickens are recorded at the end of their useful life, directly at production cost, following slaughter periods.

Related parties

If one of the below listed criteria exists the party is regarded as related with the Group:

a) Directly, or indirectly through one or more intermediaries, the party:

   i) controls, is controlled by, or is under common control with, the Group (this includes parents, subsidiaries and fellow subsidiaries);
   ii) has an interest in the Group that gives it significant influence over the Group; or
   iii) has joint control over the Group;

b) The party is an associate of the Group:
c) The party is a joint venture in which the Group is a venture:
d) The party is member of the key management personnel of the Group or its parent;
e) The party is a close member of the family of any indiv idual referred to in (a) or (d);
f) The party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

The party has a post-employment benefit plan for the benefit of employees of the Group, or of an entity that is a related party of the Group.

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Significant accounting policies (Continued)

Tangible assets

All tangible assets are initially recognized at cost. Land, buildings and machinery-equipment are stated at fair value less depreciation after the fair value of land and buildings is determined by appraisal undertaken by professionally qualified valuation specialists. All other tangible assets are stated at cost less accumulated depreciation and provision for impairment, if any. When a tangible asset is sold, income after deduction of relevant cost and accumulated depreciation is stated in the statement of income and profit or loss. When a revalued asset is sold, the relevant revaluation funds are transferred to retained earnings.

All property, plant and equipment, except Land, Building and Land Improvements, buildings and machines, were indexed as of 31 December 2004 and the dates of initial entry into the asset were taken into account when bringing the Turkish lira to purchasing power during the reporting period. Purchases after January 1, 2005 are shown at their nominal value. Depreciation for property, plant and equipment is divided using the linear depreciation method, based on the amounts adjusted for inflation accounting and the estimated useful lives of assets at the nominal values of purchases after January 1, 2005.

The cost of a tangible asset includes the purchase price, import duties and non-refundable purchase taxes, and the costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating. Expenses incurred after the asset is started to be used, i.e., maintenance and repair expenditures are recognized in profit or loss in the period in which they are incurred. If the expenditures made increase an asset's economic usefulness in the future, they are added to the cost of the asset.

The increase in the carrying value of the tangible assets arising from revaluation are initially credited after deduction of deferred tax effect to the tangible assets value increase fund account under equity. The accumulated depreciation corresponding to the revaluation fund of the tangible assets accounted for by revaluation method is recognized as an expense in the relevant period.

The ranges of useful lives applied to the assets previous and current periods are as follows:

Buildings	15-50 years
Land Improvements	15-25 years
Plant, machinery and equipment	2-15 years
Motor vehicles	4-5 years
Furniture and fixtures	3-15 years
Leasehold improvements	5-15 years

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Significant accounting policies (Continued)

Intangible assets

Intangible assets include acquired usage rights and other identifiable rights. These assets are reflected to the financial statements according to their net value to be found by deducting accumulated amortization and permanent impairment, if any, from their corrected acquisition cost as presented by purchasing power of TL on 31 December 2004 in case of items acquired before 1 January 2005 and from their acquisition cost in case of items acquired after 1 January 2005. Intangible assets are amortized by straight-line method over an expected economic life between 3-15 years.

The carrying values of these intangible assets are analyzed for impairment if and when the conditions change.

Leases

At the inception date of the contract, the Group evaluates whether the contract is or contains a lease. If the contract transfers the right to control the use of the identified asset for a specified period of time, the contract is or includes a lease. To assess whether a contract provides the right to control the use of an identified asset, the Group uses the definition of a lease in TFRS 16.

As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Leases

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company’s incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Significant accounting policies (Continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company’s estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in ‘property, plant and equipment’ and lease liabilities in ‘loans and borrowings’ in the statement of financial position.

Taxes calculated on corporate earnings

Current tax is the expected tax liability or receivable on taxable profit or loss in the current year and includes adjustments to previous years' tax liabilities.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years.

The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Significant accounting policies (Continued)

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the Group and the reversal of temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if certain criteria are met.

Government grants

All government grants including the nonmonetary incentives that are carried at fair value are recognized in the consolidated financial statements provided that the Group fulfils the necessary requirements to receive such incentives.

The government grants related assets, recognized in financial statements as deferred income. In case of that government incentives are presented as deferred income, they are systematically and reasonably associated with in the consolidated profit or loss and other comprehensive income statement throughout the useful life of the asset.

Government assistance that is provided in the form of benefits that are available in determining taxable profit or tax loss, or are determined or limited on the basis of income tax liability are recognized as the deferred tax income.

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Significant accounting policies (Continued)

Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group’s other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

Employee benefits

Severance pay according to the current laws and collective bargaining agreements in Turkey, is paid in case of retirement or dismissal. In accordance with TAS 19 Employee Benefits Standard ("TAS 19"), such payments are classified as defined retirement benefit plans. The retirement pay liability recognized in the balance sheet has been calculated based on the net present value of all employees' expected future salary amounts due to their retirement and reflected in the consolidated financial statements. All actuarial gains and losses are accounted for as other comprehensive income.

Provisions, contingent assets and liabilities

Provisions are recognized if, and only if, there is a present obligation (legal or constructive) which has arisen as a result of a past event, it is likely that the resources providing economic benefit to the company flow from the company due to such obligation, and the potential liability can be estimated reliably. If the effect of the time value of money becomes material, the provisions are stated at the expected future cash outflows discounted at the reporting date. Provisions are reviewed at each reporting date and adjustments are made so as to reflect the best estimates of the Group Management.

Contingent assets are subject to continuous evaluation in order to maintain correct recognition of relevant events. When the inflow of economic benefits is virtually certain, then the related contingent asset and the relevant income are recognized in the financial statements. When the inflow of economic benefits is probable, then the subject contingent asset is recognized in the notes to the consolidated financial statements.

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Significant accounting policies (Continued)

Impairment on non financial assets

The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset’s carrying amount and the present value of the estimated future cash flows discounted at the asset’s original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Revenue

The Group recognizes revenue in accordance with EFRS 15 "Revenue from contracts with customers" standard when the goods or services is transferred to the customer and when performance obligation is fulfilled based on the following main principles:

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

The Group assess the goods or services promised in a contract with a customer and identify as a performance obligation each promise to transfer to the customer.

For each performance obligation identified, the entity determine at contract inception whether it satisfies the performance obligation over time or satisfies the performance obligation at a point in time. If the Group transfers control of a good or sen-ice over time and therefore satisfies a performance obligation and recognises revenue over time. However, all of the Group's sales of goods and services include a single performance obligation.

The Group recognises revenue when the entity satisfies a performance obligation by transferring a promised good or sen-ice to the customer. An asset is transferred when the customer obtains control of that asset or service.

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Significant accounting policies (Continued)

The Group recognized revenue from its customers only when all of the following criteria are met:

- The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations.
- Group can identify each party's rights regardmg the goods or services to be transferred.
- Group can identify' the payment terms for the goods or services to be transferred:
- The contract has commercial substance.
- It is probable that Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer's ability and intention to pay that amount of consideration when it is due.

At the beginning of the contract, the Group evaluates the goods or services it has committed in the contract with the customer and defines each commitment to transfer to the customer as a separate performance obligation. The Group also determines at contract inception whether it has fulfilled each performance obligation over time or at a point in time.

When a third party is involved in to sales transaction in order to provide of goods or services to the customer, the Group determines that the nature of its commitment is performed as a principal or agent by the Group. It is principal if the group controls the specified goods or services before transferring those goods or services to the customer. In that case, when (or as long as) it fulfills its performance obligation, it includes the revenue in the consolidated financial statements equal to the gross amount of the price it expects to be entitled in return for the transferred goods or services. If the Group acts as an intermediary in the supply of goods or services for which a performance obligation has been determined by another party, it is in the position of an agent and does not reflect the revenue for the said performance obligation in the consolidated financial statements.

The Group does not adjust the promised amount of consideration for the effects of a significant financing component since the Group expects, at contract inception, that the period between when the entity 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. If the financing component is significant in revenue, future collections are discounted by the interest rate in financing component. The difference is recognised as mcoine from operatmg activities in current penod.

The Group's performance obligations consist of the sale of consumer products that it produces. The customer consumes the benefit obtained by the Group from the performance simultaneously. The sales transaction is recognized at the time of delivery of the manufactured products. The Group transfers control of the goods or services sold to the customer at the same time and the revenue is recognized when the performance obligation is fulfilled.

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Significant accounting policies (Continued)

Dividend and interest income

Dividend income from equity investments is accounted for when shareholders are entitled to receive dividends (as long as it is economically beneficial and income can be measured reliably). Interest income from financial assets is recognized in the records as long as it is economically beneficial and the income can be reliably measured.

Finance income and expense

The Group's finance income include interest income and foreign currency gain on financial assets and liabilities (other than trade receivables and payables).

Finance expense comprises interest expense on borrowings, interest expense of long term provisions andforeign currency losses arising from financial assets and liabilities (excluding trade receivables andpayables). Borrowing costs that are not directly attributable to acquisition, construction or production ofqualifying assets are recognized in profit or loss.

The foreign currency gain or losses and discount income and expenses on trade receivables and tradepayables are presented under other income/expense on operating activities.

Interest income or expense is recognised using the effective interest method. Dividend income isrecognised in profit or loss on the date on which the Group's right to receive payment is established.

Foreign currency

The income and expenses of foreign operations are translated into TL at the exchange rates at the dates of the transactions. Foreign currency denominated balances are translated into Turkish Lira with the rates at the balance sheet date. Foreign currency denominated balances are translated into Turkish Lira with the rates at the balance sheet date. The fair values of balances denominated in foreign currencies, which are translated at periodend exchange rates, are considered to approximate their carrying values

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into the currency of the date on which the fair value was determined. Non-monetary items measured at historical cost in foreign currencies are translated from the date on which the transaction is made.

Exchange differences are recognized in profit or loss in the period in which they are incurred, except in the following cases:

- Exchange differences that are included in the cost of such assets that are treated as adjustment to interest costs on debts denominated in foreign currencies that relate to the assets being constructed for future use,
- Foreign exchange differences arising from transactions carried out to provide financial protection against risks arising from foreign currencies (accounting policies related to establishing financial protection against risks are explained below).

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Significant accounting policies (Continued)

Earnings/(loss) per share

Earnings/(loss) per share is calculated by dividing the net consolidated profit or loss and other comprehensive income for the period by the weighted average number of ordinary shares outstanding during the period.

Financial Instruments

Classification and measurement of financial assets and financial liabilities

Under TFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL. The classification of financial assets under TFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in OCI. This election is made on an investment-by-investment basis. All financial assets not classified as measured at amortised for the FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised for the at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Significant accounting policies (Continued)

Impairment of financial assets

The financial assets at amortised cost consist of trade receivables, cash and cash equivalents, and corporate debt securities.

- debt securities that are determined to have low credit risk at the reporting date, and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Group has elected to measure loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment and including forward-looking information.

Under TFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date, and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date, and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Group has elected to measure loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade’.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 New and revised standards and interpretations

a) Standards, amendments, and interpretations applicable as of 31 December 2022:

- **Amendment to IFRS 16, 'Leases' - Covid-19 related rent concessions Extension of the practical expedient (effective 1 April 2021);** As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

- **A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16;** effective from annual periods beginning on or after 1 January 2022.

    - **Amendments to IFRS 3**, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

    - **Amendments to IAS 16**, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

    - **Amendments to IAS 37**, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

    Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial Instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.

b) Standards, amendments, and interpretations that are issued but not effective as of 31 December 2022:

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

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

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 New and revised standards and interpretations (Continued)

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

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

3 CASH AND CASH EQUIVALENTS

As at 31 December 2022 and 2021, cash and cash equivalents comprised the following:

	31 December 2022	31 December 2021
Cash on hand	371,413	560,551
Banks	493,986,642	752,378,811
-Time Deposits	*109,770,982*	*430,369,943*
-Demand Deposits	*384,215,660*	*322,008,868*
Cash at blockage (*)	42,504,353	16,406,948
Total	**536,862,408**	**769,346,310**

(*) As at 31 December 2022 TL 42,504,353 of cash blockage amount mainly comprised of the credit card receivables with a maturity less than 3 months (2021: TL 16,406,948).

Cash and cash equivalents included in the statement of cash flows for the period ended 31 December 2022 and 2021 are comprised the followings:

	31 December 2022	31 December 2021
Cash and cash equivalents	536,862,408	769,346,310
Less: Blockage	(42,504,353)	(16,406,948)
	494,358,055	**752,939,362**

3 CASH AND CASH EQUIVALENTS (Continued)

As at 31 December 2022 and 2021, time and demand deposits comprised the following currencies;

	Time Deposits		Demand Deposits	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
USD	28,075,497	153,251,298	124,917,212	193,926,913
EUR	-	-	180,421,410	99,416,419
TL	81,695,485	277,118,645	78,877,038	28,665,536
		430,369,943		**322,008,868**

At 31 December 2022 and 31 December 2021, time deposits comprised the following:

Currency	Interest rate	Maturity	Original Balance	TL Balance
TL	%15	January 2023	69,100,000	69,100,000
TL	%14	January 2023	11,300,000	11,300,000
TL	%11	January 2023	1,295,494	1,295,494
USD	%0,40	January 2023	1,501,499	28,075,488
31 December 2022				**109,770,982**

Currency	Interest rate	Maturity	Original Balance	TL Balance
TL	%12.5-21.75	January 2022	277,118,645	277,118,645
USD	%0.20	January 2022	11,809,000	153,251,298
31 December 2021				**430,369,943**

Interest rate risk and sensitivity analysis of The Group’s financial assets and liabilities are indicated in Note 35.

4 SEGMENT REPORTING

The Group's principal activity is made of production and sales of chicken, convenience and charcuterie, feed, veal and turkey. The Group's Management follows the Group activities on the basis of the main product group and the domestic and overseas activities. On the other hand, since the nature and the economic characteristics of the products of each main product group, sales channels, customer needs and the classification of the customers according to their risks, the economic environment affecting the Group companies are different the Group chooses to disclose only geographical segments. The Group started to disclose TFRS 8 Operating Segments as of 1 January 2021 since the overseas activities become important.

4 SEGMENT REPORTING

Geographical Segments

	1 January- 31 December 2022	1 January- 31 December 2021
Turkey	10,993,823,980	5,160,783,917
Romania	-	133,735,992
United Arab Emirates	-	26,963,627
Revenue	**10,993,823,980**	**5,321,483,536**

31 December 2022	Turkey	Romania	United Arab Emirates	Total
Revenue	10,993,823,980	-	-	10,993,823,980
Elimination	-		-	-
Total	**10,993,823,980**	**-**	**-**	**10,993,823,980**

31 December 2021	Turkey	Romania	United Arab Emirates	Total
Revenue	5,179,102,310	133,735,992	26,963,627	5,339,801,929
Elimination	(18,318,393)	-	-	(18,318,393)
Total	**5,160,783,917**	**133,735,992**	**26,963,627**	**5,321,483,536**

5 FINANCIAL LIABILITIES

As at 31 December 2022 and 31 December 2021, financial borrowings comprised the following:

	31 December 2022	31 December 2021
Short term borrowings	1,378,400,089	335,799,880
Short term portions of long term loans	348,776,956	459,408,014
Other financial liabilities(*)	49,910,622	15,012,263
Lease liabilities	13,602,627	12,031,613
Short term financial borrowings	**1,790,690,294**	**822,251,770**
Long term borrowings	128,003,171	291,513,416
Lease liabilities	12,814,979	26,231,816
Long term financial borrowings	**140,818,150**	**317,745,232**
Total financial borrowings	**1,931,508,444**	**1,139,997,002**

(*) Other financial liabilities consist of financial liabilities within the scope of supplier financing system provided by banks to the Group.

5 FINANCIAL LIABILITIES (Continued)

The Group has no pledges or mortgages on its financial liabilities (31 December 2021: None).

The Group's loans have fixed interest rates.

	31 December 2022	31 December 2021
Less than one year	1,727,177,045	795,207,894
Between one and two years	48,336,509	179,889,455
Between two and three years	37,986,837	42,151,398
Between three and four years	29,565,487	33,126,064
More than five years	12,114,338	36,346,499
	1,855,180,216	**1,086,721,310**

As of 31 December 2022, the details of lease liabilities are as follows:

	31 December 2022	31 December 2021
Less than one year	13,602,627	12,031,613
Between one and two years	6,886,773	4,669,478
Between two and three years	4,244,475	14,379,408
Between four and five years	1,683,731	7,182,929
	26,417,606	**38,263,429**

As of 31 December 2022, the details of financial liabilities are as follows:

	31 December 2022		
	Currency	**TL Amount**	**Int. Rate %**
Short Term Bank Loans	TL	1,378,400,089	%12.00- %33.00
Short Term Portions of Long Term Bank Loans	TL	348,776,956	%9.62- %18.25
Total		**1,727,177,045**	
Long Term Bank Loans	TL	128,003,171	%9.62- %18,25
Total		**1,855,180,216**	

As of 31 December 2021, the details of financial liabilities are as follows:

	31 December 2021		
	Currency	**TL Amount**	**Int. Rate %**
Short Term Bank Loans	TL	335,799,880	%18- %20.75
Short Term Portions of Long Term Bank Loans	TL	459,408,014	%9.35- %18.50
Total		**795,207,894**	
Long Term Bank Loans	TL	291,513,416	%9.50-%18.25
Total		**1,086,721,310**	

5 FINANCIAL LIABILITIES (Continued)

As at 31 December 2022 and 31 December 2021, cash flows from financial operations comprised the followings:

	1 January 2022	Cash flows	Non-cash changes acquisition (*)	31 December 2022
Financial liabilities	1,086,721,310	750,244,144	18,214,762	1,855,180,216
Other financial liabilities	15,012,263	34,898,359	-	49,910,622
	1,101,733,573	**785,142,503**	**18,214,762**	**1,905,090,838**

	1 January 2021	Cash flows	Non-cash changes acquisition (*)	31 December 2021
Financial liabilities	738,148,010	334,351,990	14,221,310	1,086,721,310
Other financial liabilities	-	15,012,263	-	15,012,263
	738,148,010	**349,364,253**	**14,221,310**	**1,101,733,573**

(*) As at 31 December non-cash transactions consist of interest accrued.

6 RELATED PARTIES

For the purpose of this consolidated report, shareholders, important management personnel and members of the board of directors, their families and companies controlled by or affiliated to them, as well as associates and jointly controlled partnerships are considered as related parties. Various transactions were made with related parties during the normal operation of the enterprise. A significant part of the transactions with related parties have been eliminated and the remaining transactions with related parties after elimination are not material for the Group. These transactions were generally carried out during the normal operation of the business in accordance with market conditions.

As of 31 December 2022, there are no guarantees received/given from related parties.
As of 31 December 2022, there are no receivables/payables from top management.

For the year ended 31 December 2022, shareholders and the executive members of the Group's management received aggregate compensation in amount of TL 17,580,864 (31 December 2021: TL 12,157,761)

As at 31 December 2022 and 2021, due from related parties and due to related parties are as follows:

Due from related parties:

	31 December 2022	31 December 2021
BRF Global GMBH	11,333,174	28,577,919
Al Wafi	9,124,854	-
BRF Foods GMBH	-	5,065,578
Federal Foods LLC	-	8,785
Total	**20,458,028**	**33,652,282**

Due to related parties:

	31 December 2022	31 December 2021
BRF Foods GMBH	805,515	-
Federal Foods LLC	16,946	443,012
Al Wafi	10,135	70,832
BRF S,A,	-	1,397,772
Total	**832,596**	**1,911,616**

6 RELATED PARTIES (Continued)

Other payabels:

	31 December 2022	31 December 2021
BRF S.A.	9,697,414	-
BRF Global GMBH	966,134	-
Federal Foods Qatar	316,800	-
Al Wafi	294,979	-
Toplam	**11,275,327**	**-**

Sales to related parties:

	31 December 2022	31 December 2021
BRF Global GMBH	526,800,500	110,685,565
BRF Foods GMBH	52,883,407	19,765,961
Al Wafi	14,035,363	-
Federal Foods LLC	-	7,535,242
BRF Al Yasra Foods Co,	-	163
Total	**593,719,270**	**137,986,931**

Purchase from related parties:

	31 December 2022	31 December 2021
Al Wafi	10,822,290	1,687,789
BRF S,A,	-	6,819,287
BRF Foods GMBH	-	4,537,724
Federal Foods LLC	-	1,333,696
Al Khan Foodstuff LLC	-	988,683
Total	**10,822,290**	**15,367,179**

7 TRADE RECEIVABLE AND PAYABLE

Trade receivables

Trade receivables of Group as of 31 December 2022 ve 31 December 2021 are as follows:

	31 December 2022	31 December 2021
Trade receivables from other parties	764,250,271	524,902,470
Trade receivables from related parties	20,458,028	33,652,282
Total	**784,708,299**	**558,554,752**

Details of trade receivables as of 31 December 2022 and 31 December 2021 are as follows:

	31 December 2022	31 December 2021
Trade receivables	779,442,570	542,956,894
Provisions for doubtful receivables	(8,123,155)	(9,176,311)
Rediscount expense	(7,069,144)	(8,878,113)
Total	**764,250,271**	**524,902,470**

7 TRADE RECEIVABLE AND PAYABLE (Continued)

Provisions for doubtful receivables as at 1 January - 31 December 2022 and movements in 2021 were as follows:

	2022	2021
Beginning balance	(9,176,311)	(9,283,398)
Increase during the period	(864,047)	(477,500)
Reversal of bad debt provision	1,917,203	584,587
Ending Balance	**(8,123,155)**	**(9,176,311)**

The Group's exposure to currency and credit risk and impairment for current trade receivables are disclosed in Note 36.

As of 31 December 2022 and 31 December 2021, the nature and amount of commitments obtained against notes and trade receivables are as follows

	31 December 2022	31 December 2021
Letters of guarantee	281,927,625	148,196,251
Mortgages	-	40,995,665
Total	**281,927,625**	**189,191,916**

Trade payables

Trade payables of the Group as of 31 December 2022 ve 31 December 2021 are as follows:

	31 December 2022	31 December 2021
Trade payables to other parties	2,339,297,193	1,199,767,335
Trade payables to related parties	832,596	1,911,616
Total	**2,340,129,789**	**1,201,678,951**

At 31 December 2022 and 31 December 2021, trade payables comprised the following:

	31 December 2022	31 December 2021
Trade payables	2,347,579,899	1.207.202.720
Less: discount income	(8,282,706)	(7.435.385)
Total	**2,339,297,193**	**1.199.767.335**

The Group's exposure to foreign currency and liquidity risks for short term trade payables are disclosed in Note 35**.** As of 31 December 2022, the average maturity of trade receivables is 29 days (31 December 2021: 23) and the average maturity of trade payables is 96 days. (31 December 2021: 65 days) As of 31 December 2022, the group has no long-term trade debts. (31 December 2021: None)

8 OTHER RECEIVABLES AND PAYABLES

Current assets

Other receivables of Group as of 31 December 2022 ve 31 December 2021 are as follows:

	31 December 2022	31 December 2021
Other receivables from other parties	11,685,658	11,406,845
Total	**11,685,658**	**11,406,845**

As at 31 December 2022 and 31 December 2021 current other receivables comprised the followings:

	31 December 2022	31 December 2021
Deposits and guarantees given	679,864	778,135
Other receivables (*)	11,005,794	10,628,710
Total	**11,685,658**	**11,406,845**

The Group's exposure to foreign currency and credit risks for short term other receivables are disclosed in Note 36.

(*) Other receivables comprised of breeder hen's and broiler breeder receivables.

Non-current other receivables

Non-current other receivables of Group as of 31 December 2022 ve 31 December 2021 are as follows:

	31 December 2022	31 December 2021
Non-current other receivables from other parties	125,832	106,373
Total	**125,832**	**106,373**

The Group's exposure to foreign currency and credit risks for long term other receivables are disclosed in Note 36.

8 OTHER RECEIVABLES AND PAYABLES (Continued)

Current other payables

As at 31 December 2022 and 31 December 2021 current other payables comprised the followings:

	31 December 2022	31 December 2021
Other short-term payables from related parties (Note 6)	11,275,327	-
Taxes payable	1,588,576	1,073,578
Other	289,036	412,573
Total	**13,152,939**	**1,486,151**

The Group's exposure to foreign currency and credit risks for short term other payables are disclosed in Note 36.

Non-current other payables

As of 31 December 2022, the Group has other payables to unrelated parties amounting to TL 100,000. (31 December 2021: 105,310 TL)

9 INVENTORIES

At 31 December 2022 and 31 December 2021, inventories comprised the following:

	31 December 2022	31 December 2021
Finished goods	239,875,909	207,921,855
Semi-finished goods	149,309,796	81,585,656
Raw materials and auxiliary items	671,746,083	766,501,165
Goods in transit	5,132,724	2,271,754
Provision for impairment	(18,673,193)	(24,112,841)
Total	**1,047,391,319**	**1,034,167,589**

Movements of allowance for impairment on inventories for the period ended 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Balance as at 1 January	24,112,841	6,217,901
(Reversal)/ provision for the period, net	(5,439,648)	17,894,940
Balance as at 31 December	**18,673,193**	**24,112,841**

10 BIOLOGICAL ASSETS

Breeder chickens those have useful life of 1 year, the calves that have useful life less than 1 year, broiler daily chickens, broiler turkeys and breeder pullets are classified as biological assets and calves as of 31 December 2022 and 2021

Movements of biological assets at 31 December 2022 and 31 December 2021 are as follows:

	31 December 2022	**31 December 2021**
Broiler daily chickens	501,436,852	224,292,825
Breeder chickens	154,659,840	71,413,865
Breeder pullets	92,820,922	40,991,698
Broiler turkeys	17,603,429	43,830,702
Total	**766,521,043**	**380,529,090**

Movements of broiler daily chickens at 31 December 2022 and 31 December 2021 are as follows:

Broiler daily chickens	**31 December 2022**	**31 December 2021**
Beginning balance	224,292,825	105,147,511
Additions	817,851,008	425,900,861
Effect of physical changes (*)	6,315,777,578	2,491,643,183
Disposal (**)	(6,856,484,559)	(2,798,398,730)
Ending balance	**501,436,852**	**224,292,825**

(*) Effect of physical changes mainly composed of feed consumptions, raiser costs, medicine, and care costs.
(**) The broiler chicken sent to the slaughterhouse for slaughter.

Movements of breeder chickens at 31 December 2022 as follows:

Breeder Chickens		**31 December 2022**		
Charge for the period	**Cost**	**Accumulated depreciation**	**Transfer to assets held for sales**	**Net carrying amount**
1 January 2022	203,658,654	(132,244,789)	-	71,413,865
Additions	-	(194,762,566)	-	83,245,975
Transfer from breeder pullet	278,008,541	-	-	278,008,541
Disposals	(102,229,320)	102,229,320	-	-
31 December 2022	**379,437,875**	**(224,778,035)**	**-**	**154,659,840**

Movements of breeder chickens at 31 December 2021 as follows:

Breeder Chickens		**31 December 2021**		
Charge for the period	**Cost**	**Accumulated depreciation**	**Transfer to assets held for sales**	**Net carrying amount**
1 January 2022	154,913,063	(101,986,317)	(9,051,706)	43,875,040
Additions	-	(148,272,312)	(13,908,900)	(162,181,212)
Transfer from breeder pullet	175,811,137	-	-	175,811,137
Disposals	(127,065,546)	118,013,840	22,960,607	13,908,901
31 December 2022	**203,658,654**	**(132,244,789)**	**-**	**71,413,865**

As at 31 December 2021, total insurance on biological assets is TL 5,348,168 (31 December 2021: TL 5,348,168).

10 BIOLOGICAL ASSETS (Continued)

Movements of breeder pullets at 31 December 2022 and 31 December 2021 are as follows:

Breeder Pullet	**31 December 2022**	**31 December 2021**
Beginning balance	40,991,698	51,952,811
Additions	145,911,728	68,150,345
Effect of physical changes (*)	183,926,038	96,699,679
Transfers to breeder chickhens	(278,008,541)	(175,811,137)
Ending balance	**92,820,923**	**40,991,698**

(*) Effect of physical changes mainly composed of feed consumptions, raiser costs, medicine, and care costs

Movements of broiler turkey at 31 December 2022 and 31 December 2021 are as follows:

Broiler turkey	**31 December 2022**	**31 December 2021**
Beginning balance	43,830,702	15,988,526
Additions	47,308,584	28,445,296
Effect of physical changes (*)	253,244,674	122,089,598
Disposal(**)	(326,780,531)	(122,692,718)
Ending balance	**17,603,429**	**43,830,702**

(*) Effect of physical changes mainly composed of feed consumptions, raiser costs, medicine, and care costs.

(**) The broiler turkey sent to the slaughterhouse for slaughter.

11 PREPAID EXPENSES

At 31 December 2022 and 31 December 2021, current prepaid expenses comprised the following:

	31 December 2022	**31 December 2021**
Advances given to suppliers	117,547,599	169,237,877
Prepaid expenses for future months	25,053,813	5,199,409
Advances given to breeders	52,846,407	8,808,933
Advances given to personnel	511,450	1,420,683
Total	**195,959,269**	**184,666,902**

At 31 December 2022 and 31 December 2021, non current prepaid expenses comprised the following:

	31 December 2022	**31 December 2021**
Advances given to fixed assets	97,601,012	20,745,015
Advances given to suppliers	179,968	12,921
Total	**97,780,980**	**20,757,936**

12 DEFERRED REVENUE

At 31 December 2022 and 31 December 2021, short term deferred revenue comprised the following:

	31 December 2022	31 December 2021
Advances received	17,323,964	24,084,211
Deferred revenue	3,130,885	2,683,243
Total	**20,454,849**	**26,767,454**

13 COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

		31 December 2022		31 December 2021	
	Currency	Amount of Foreign Currency	Amount of TL	Amount of Foreign Currency	Amount of TL
A. CPM given in the name of own legal Entity	EURO	-	-	-	-
		-	-	-	-
B. CPM given in favor of full consolidated Subsidiaries	TL		281,927,625	-	38,795,206
		-	-	-	-
C. CPM given to guarantee the debts of third parties to continue their operations	TL				
D. Other CPM		-	-	-	-
Total		**-**	**281,927,625**	**-**	**38.795.206**

As at 31 December 2022, the ratio of other GPM's given by the Group to the Group's equity is 12.8 percent (31 December 2021: 3.1 percent).

Tax Inspection Board investigations

As of 20 November 2018, the Ministry of Finance on behalf of the Tax Audit Board has declared that there will be a tax inspection on 2017 and 2018 years in relation to full duty for parent company and the inspection process has started officially as of 20 November 2018.

The Ministry of Finance on behalf of the Tax Audit Board has competed its tax inspection. The penalty amount of 966,252 Turkish Liras, which was notified as a result of the tax inspection and paid in 2022.

There are no additional obligations as of the reporting date.

13 COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES (Continued)

Competition Board Investigation

The Competition Board announced that it initiated an investigation for the determination of whether the undertakings in the sectors of production and trade of food and cleaning/hygiene products engaged,

including Banvit Bandırma Vitaminli Yem Sanayii Anonim Şirketi violated the Law on the Protection of Competition No. 4054 with its decision dated 7 May 2021. The relevant was closed in 2022 and no penalty and/or sanction decision was notified by the Competition Board.

Operational Leases as lessor

At 31 December 2022 and 31 December 2021, Operating lease receivables as follows;

	31 December 2022	**31 December 2021**
Less than One Year	146,864	162,840
Total	**146,864**	**162,840**

14 PROPERTY, PLANT AND EQUIPMENT

Movements of tangible assets at 31 December 2022 are as follows:

	1 January 2022	Additions	Disposals(-)	Translation difference	Transfers	Revaluation	31 December 2022
Cost							
Land, Building and Land Improvements	235,634,299	-	-	-	19,545,754	658,926,515	914,106,568
Machinery, Plant and Equipment	749,640,485	-	(141,696)	-	54,097,287	880,090,643	1,683,686,719
Motor Vehicles	1,920,182	-	-	-	-	-	1,920,182
Furniture and Fixture	36,040,818	-	-	-	2,368,094	-	38,408,912
Construction in Progress(**)	114,190,831	454,058,947	-	-	(159,964,674)	-	408,285,104
Leasehold Improvements	12,719,646	-	-	-	19,662,006	-	32,381,652
Total	**1,150,146,261**	**454,058,947**	**(141,696)**	**-**	**(64,291,533)**	**1,539,017,158**	**3,078,789,137**
Accumulated Depreciation							
Land, Building and Land Improvements	(84,296,102)	(7,254,503)	-	-	-	-	(91,550,605)
Machinery, Plant and Equipment	(322,989,663)	(47,661,712)	54,388	-	-	-	(370,596,987)
Motor Vehicles	(1,920,182)	-	-	-	-	-	(1,920,182)
Furniture and Fixture	(17,298,949)	(3,584,892)	-	-	-	-	(20,883,841)
Leasehold Improvements	(11,179,848)	(886,660)	-	-	-	-	(12,066,508)
Total	**(437,684,744)**	**(59,387,767)**	**54,388**	**-**	**-**	**-**	**(497,018,123)**
Net Book Value	**712,461,517**						**2,581,771,014**

As at 31 December 2022 there are no mortgage or pledge on property, plant and equipment. .
As at 31 December 2022, property, plant and equipment are insured against the earthquake, fire, flood and similar disasters amounting to TL 4,055,112,948.
As of 31 December 2022, total tangible fixed assets excluding valuation is TL 1,042,753,856
Depreciation and amortization expenses of tangible fixed assets, intangible assets, right-of-use assets and biological assets amounting to TL 283,065,812, TL 258,225,026 in cost of sales (31 December 2021: 242,009,594), 17,955,026 TL in general administrative expenses (31 December 2021: 1,879,863), TL 6,885,761 was recognized in sales, marketing and distribution expenses (31 December 2021: 6,213,123), (in research and development expenses in 31 December 2021: 1,879,863),
(**) The amount of construction in progress is consists of the ERP system transformation, the modernization investments in poultry farms and slaughterhouses.

14 PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements of tangible assets at 31 December 2021 are as follows:

	1 January 2021	Additions	Disposals(-) (*)	Translation difference	Transfers	31 December 2021
Cost						
Land, Building and Land Improvements	235,723,388	1,421,650	(1,598,904)	-	88,165	235,634,299
Machinery, Plant and Equipment	761,413,417	12,425,515	(46,114,558)	9,242	21,906,869	749,640,485
Motor Vehicles	1,954,162	243,785	(277,765)	-	-	1,920,182
Furniture and Fixture	28,154,091	848,597	(284,306)	12,881	7,309,555	36,040,818
Construction in Progress	15,776,534	127,718,886	-	-	(29,304,589)	114,190,831
Leasehold Improvements	31,865,886	152,400	(19,298,640)	-	-	12,719,646
Total	**1.074.887.478**	**142.810.833**	**(67.574.173)**	**22.123**	**-**	**1.150.146.261**
Accumulated Depreciation						
Land, Building and Land Improvements	(77,452,800)	(8,426,171)	1,582,869	-	-	(84,296,102)
Machinery, Plant and Equipment	(292,494,370)	(67,631,850)	37,145,804	(9,247)	-	(322,989,663)
Motor Vehicles	(1,777,146)	(420,801)	277,765	-	-	(1,920,182)
Furniture and Fixture	(15,779,518)	(1,768,441)	259,960	(10,950)	-	(17,298,949)
Leasehold Improvements	(29,764,938)	(673,605)	19,258,695	-	-	(11,179,848)
Total	**(417,268,772)**	**(78,920,868)**	**58,525,093**	**(20,197)**	**-**	**(437,684,744)**
Net Book Value	**657,618,706**					**712,461,517**

As at 31 December 2021 there are no mortgage or pledge on property, plant and equipment. .

As at 31 December 2021, property, plant and equipment are insured against the earthquake, fire, flood and similar disasters amounting to TL 2,402,943,924

15 INTANGIBLE ASSETS

For the period ended 31 December 2022, the movement of intangible assets are as follows:

Cost	**1 January 2022**	**Additions**	**Transfer**	**31 December 2022**
Software	22,675,184	-	64,291,533	86,966,717
Licences	5,714,136	-	-	5,714,136
Total	**28,389,320**	**-**	**64,291,533**	**92,680,853**
Accumulated Amortization				
Software	(21,856,675)	(15,472,217)	-	(37,328,892)
Licences	(2,880,459)	(146,428)	-	(3,026,887)
Total	**(24,737,134)**	**(15,618,645)**	**-**	**(40,355,779)**
Net Book Value	**3,652,186**			**52,325,074**

For the period ended 31 December 2021, the movement of intangible assets are as follows:

Cost	**1 January 2021**	**Additions**	**Disposals (-)**	**31 December 2021**
Software	22,935,964	1,386	(262,166)	22,675,184
Licences	3,925,480	2,841,028	(1,052,372)	5,714,136
Total	**26,861,444**	**2,842,414**	**(1,314,538)**	**28,389,320**
Accumulated Amortization				
Software	(19,427,790)	(2,691,051)	262,166	(21,856,675))
Licences	(3,774,450)	(154,128)	1,048,119	(2,880,459)
Total	**(23,202,240)**	**(2,845,179)**	**1,310,285**	**(24,737,134)**
Net Book Value	**3,659,204**			**3,652,186**

For the years ended 31 December 2022 and 2021 amortization expenses has been recognized under cost of sales, general administrative expense, selling and marketing expense and research and development expense.

For the year ended 31 December 2022 the Group does not have any intangible assets that are created within the Group (31 December 2021: None)

16 RIGHT OF USE ASSETS

For the period ended 31 December 2022, the movement of right of use assets are as follows:

Cost	**1January2022**	**Additions**	**Transfers**	**Disposals(-)**	**31December2022**
MotorVehicles	18,261,090	-	-	(67,771)	18,193,319
Warehouse	16,574,095	-	-	(335,481)	16,238,614
Land,Building and Land Improvements	4,407,471	-	-	(679,290)	3,728,181
Buildings	25,397,981	-	-	(2,299,454)	23,098,527
Total	**64,640,637**	**-**	**-**	**(3,381,996)**	**61,258,641**
Accumulated Amortization					
MotorVehicles	(6,311,902)	(5,731,565)	-	67,771	(11,975,696)
Warehouse	(2,234,459)	(1,653,022)	-	335,481	(3,552,000)
Land,Building and Land Improvements	(1,844,710)	(759,381)	-	679,290	(1,924,801)
Buildings	(11,961,631)	(5,152,866)	-	2,299,454	(14,815,043)
Total	**(22,352,702)**	**(13,296,834)**	**-**	**3,381,996**	**(32,267,540)**
NetBookValue	**42,287,935**				**28,991,101**

For the period ended 31 December 2021, the movement of right of use assets are as follows:

Cost	**1January2021**	**Additions**	**Transfers**	**Disposals(-)**	**31December2021**
MotorVehicles	10,479,440	34,580,943	(570,728)	(26,228,565)	18,261,090
Warehouse	4,658,846	13,609,748	-	(1,694,499)	16,574,095
Land,Building and Land Improvements	4,389,920	769,903	-	(752,352)	4,407,471
Buildings	7,737,689	23,152,840	-	(5,492,548)	25,397,981
Machinery,Plant and Equipment	-	-	570,728	(570,728)	-
Total	**27,265,895**	**72,113,435**	**-**	**(34,738,692)**	**64,640,638**
Accumulated Amortization					
MotorVehicles	(8,676,375)	(8,487,465)	451,826	10,400,112	(6,311,902)
Warehouse	(1,926,039)	(1,831,839)	-	1,523,419	(2,234,459)
Land,Building and Land Improvements	(1,648,206)	(875,818)	-	679,314	(1,844,710)
Buildings	(6,363,332)	(10,927,540)	-	5,329,241	(11,961,631)
Machinery,PlantandEquipment	-	(118,902)	(451,826)	570,728	-
Total	**(18,613,952)**	**(22,241,565)**	**-**	**18,502,814**	**(22,352,702)**
NetBookValue	**8,651,943**				**42,287,935**

17 GOODWILL

At 31 December 2022 and 31 December 2021, The Group has no goodwill.

18 GOVERNMENT GRANTS

On 26 October 2009, the Banvit has obtained investment incentive certificate for the capacity increase and modernizations at the chicken slaughterhouse addressed at Bandırma Asfaltı 8.Km Bandırma. Within the scope of this investment incentive certificate, the slaughter capacity of the slaughterhouse is going to increase from 200,000 units/ day to 270,000 units/ day. As at 31 December 2017, total amount of investments of Banvit through those investment incentive certificates were realized as TL 9,870,015 and provides VAT exception, customs duty exemption, social security premium payroll tax contribution for 3 years, and 60% corporate tax discount and 30% contribution rate. Banvit has applied for the investment incentive certificates as of December 20, 2013 due to completion of the investment expenses.

Furthermore, on 2 December 2009, the Banvit has obtained investment incentive certificate for the capacity increase and modernizations at the cattle stock farming and slaughterhouse facilities. As at 31 December 2017, total amount of investments of Banvit through those investment incentive certificates were realized as TL 4,104,476 and provides VAT exception, customs duty exemption, social security premium payroll tax contribution for 3 years, and 40% corporate tax discount and 15% contribution rate. Banvit has completed investment expenditures and has done the investment completion visa as of December 28, 2015.

As described at the related articles of the Announcement Regarding to the Applications of Arbitraments Concerning Government Grants at Investments (Announcement No: 2009/1) and the special terms on the investment incentive certificates, for acceptance of the inception of the investment, the Banvit have to invest at least 10% of the total investment amount defined at the certificate and have to apply to the Undersecretariat of Treasury and register the investment amount to the investment incentive certificate, The Banvit has realized that 10% special terms for the chicken slaughterhouse addressed at Bandırma Asfaltı 8.Km Bandırma. At the 12th article of the announcement, it is specified that the inception date of the investment incentive certificates is the receiving date of completion visa. Banvit has fulfilled this special condition in the incentive document received for the capacity expansion and modernization of the Chicken Slaughterhouse at Bandırma.

Under article 32/A of the Corporation Tax law, it was stated that profits earned from the investments tied to an incentive certificate by the Under Secretariat of Treasury shall be subjected to corporation tax based on discounted values until their value reaches the amount of contribution made to the investment starting with the account period in which the investment was started to be operated in whole or in part. Under article 12 of the communiqué, the date of commencement of operation for other investments has been indicated as the date on which completion visa was granted for the incentive certificate.

Besides, the Banvit has taken over the investment incentive certificates of slaughterhouse and hatchery in Elazığ which were acquired on 17 July 2012. Total amount of investments of Banvit through those investment incentive certificates were realized as TL 21,740,871 and provides VAT exception, customs duty exemption, social security premium payroll tax contribution for 6 years, and 70% corporate tax discount and 30% contribution rate. As of 04.12.2017 investment completion visa is realized.

On 28 June 2010, the Banvit has obtained investment incentive certificate for the capacity increase and modernizations at the feed factory addressed at Elazığ. Within the investment to be made related this document, the combined feed production weight of 26,325,000 kg / year will be 27,179,550 kg / year, and breeding chicken breeders will be 18,990 / year. Total amount of investments of Banvit through those investment incentive certificates were realized as TL 4,191,860 and provides VAT exception, customs duty exemption, social security premium payroll tax contribution for 7 years, and 90% corporate tax discount and 60% contribution rate . Banvit has applied for the investment incentive certificates as of 21 January 2015 due to completion of the investment expenses.

18 GOVERNMENT GRANTS (Continued)

On 27 January 2015, the Banvit has obtained investment incentive certificate for the capacity increase and modernizations at the chicken slaughterhouse addressed at Bandırma Asfaltı 8.Km Bandırma. Within the scope of this investment incentive certificate, the slaughter capacity of the slaughterhouse is going to increase from 53,280,000 kg/ year to 79,920,000 kg/ year. The investment incentive certificate is amounting to TL 19,900,000 and provides VAT exception, customs duty exemption, social security premium payroll tax contribution for 5 years, 60% corporate tax discount and 25% contribution rate. As at 31 December 2018, total amount of investments of Banvit through those investment incentive certificates were realized as TL 23,378,563. As of 03.01.2019 investment completion visa is realized.

On 31 January 2019, the Banvit has obtained investment incentive certificate for the capacity increase and modernizations at the chicken slaughterhouse addressed at Hilalkent Mah. Baskil Yolu 6. Km Elazığ. The investment incentive certificate is amounting to TL 19,538,812 and provides VAT exception, customs duty exemption, 70% corporate tax discount and 30% contribution rate. As at 31 December 2022, total amount of investments of Banvit through those investment incentive certificates were realized as TL 21,025,470.

On 25 January 2019, the Banvit has obtained investment incentive certificate for the capacity increase and modernizations at the chicken slaughterhouse addressed at Anadolu Sanayi Bölgesi Kemalpaşa, İzmir. The investment incentive certificate is amounting to TL 32,101.985 and provides VAT exception, customs duty exemption, 50% corporate tax discount and 15% contribution rate. As at 31 December 2022, total amount of investments of Banvit through those investment incentive certificates were realized as TL 33,246,798.

On 25 January 2019, the Banvit has obtained investment incentive certificate for the capacity increase and modernizations at the chicken slaughterhouse addressed at Bandırma Asfaltı 8.Km Bandırma. The investment incentive certificate is amounting to TL 290,193.692 and provides VAT exception, customs duty exemption, social security premium payroll tax contribution for 5 years, 60% corporate tax discount and 25% contribution rate. As at 31 December 2022, total amount of investments of Banvit through those investment incentive certificates were realized as TL 317,912,389.

As of 31 December 2022, the amount of investment expenditures made within the scope of these incentive documents and the incentive amounts awarded are as follows:

		31 December 2022		31 December 2021	
Investment Incentive Place	**Contribution Rate %**	**Realized Invesment**	**Investment Incentive Place**	**Realized Invesment**	**Investment Incentive Place**
Bandırma Slaughterhouse (*)	30	9,332,933	4,558,031	9,332,933	4,558,031
Bandırma Bovine	15	3,930,779	928,943	3,930,779	928,943
Elazığ Feed/Breeding	60	4,191,860	4,191,860	4,191,860	4,191,860
Elazığ Slaughterhouse	30	20,801,558	9,776,601	20,801,558	9,776,601
Bandırma Chicken Slaughterhouse	20	23,378,563	7,691,948	23,378,567	7,691,948
İzmir Kemalpaşa	15	33,246,798	-	-	-
Bandırma Slaughterhouse.	25	317,912,389	-	-	-
Elazığ Slaughterhouse	30	21,025,470	1,268,530	21,025,470	1,268,530
		433,820,350	28,415,913	82,661,167	28,415,913

Incentive amounts subject to discount until 31 December 2022 Bandırma Slaughterhouse Incentive Certificate within the scope of 1,590,786 TL, Bandırma Battle Incentive 385,750 TL, Elazığ Kalatan Incentive in Incentive, 5.769.105 TL, Elazığ feed/kluçka incentive, 1,405,241 TL, Bandırma Pilic 2,846,452 TL was subject to a discount on the tax calculation.

As of 31 December 2022, since the Group has announced financial loss, no deduction has been made in the incentive tax calculation,

19 PROVISIONS

At 31 December 2022 ve 31 December 2021, short term provisions comprised the following:

	31 December 2022	31 December 2021
Short term provisions for employee benefits (Note 20)	45,697,104	45,156,217
Other short term provisions	15,342,614	7,734,740
Short term provisions	**61,039,718**	**52,890,957**

At 31 December 2022 and 31 December 2021, other short term provisions comprised the following:

	31 December 2022	31 December 2021
Provisions for lawsuits	14,890,424	7,569,374
Bonus provision for sales personnel	428,139	155,510
Other provisions	24,051	9,856
Total	**15,342,614**	**7,734,740**

Movements of other short term provisions at 31 December 2022 are as follows:

	1 January 2022	Additions	Payment/ Reversal	31 December 2022
Provisions for lawsuit (*)	7,569,374	7,321,050	-	14,890,424
Bonus provision for sales personnel	155,510	428,139	(155,510)	428,139
Other provisions	9,856	26,107	(11,912)	24,051
	7,734,740	**7,775,296**	**(167,422)**	**15,342,614**

Movements of other short term provisions at 31 December 2021 are as follows:

	1 January 2021	Additions	Payment/ Reversal	31 December 2021
Provisions for lawsuit (*)	6,969,584	2,189,790	(1,590,000)	7,569,374
Bonus provision for sales personnel	146,294	155,510	(146,294)	155,510
Other provisions	99,997	9,856	(99,997)	9,856
	7,215,875	**2,355,156**	**(1,836,291)**	**7,734,740**

(*) As of 31 December 2022, the majority of the provision for lawsuits consists of ongoing labor lawsuits. The Group makes full provision for these cases as of the balance sheet date.

20 PROVISIONS FOR EMPLOYEE BENEFITS

(a) Short term provisions for employee benefits

	31 December 2022	**31 December 2021**
Bonus Provision	30,072,649	21,818,698
Performance bonus provision	-	8,703,183
Provision for unused vacation pay liability	15,624,455	14,634,336
	45,697,104	**45,156,217**

The movement of short term provisions for employee benefits for the years ended 31 December 2022 and 31 December 2021 are as follows:

	1 January 2022	**Addtions**	**Reversal**	**Payment**	**31 December 2022**
			-	(21,818,698)	30,072,649
Premium Provision	21,818,698	30,072,649			
Provision for unused vacation				-	15,624,455
pay liability	8,703,183	6,921,272	-		
Performance bonus	14,634,336	-	-	(14,634,336)	-
	45,156,217	**36,993,921**	**-**	**(36,453,034)**	**45,697,104**

	1 January 2021	**Addtions**	**Reversal**	**Payment**	**31 December 2021**
Premium Provision	22,615,452	21,818,698	-	(22,615,452)	21,818,698
Provision for unused vacation pay liability	7,074,302	14,634,336	(7,074,302)	-	14,634,336
Performance bonus	14,099,781	8,703,183	-	(14,099,781)	8,703,183
	43,789,535	**45,156,217**	**(7,074,302)**	**(36,715,233)**	**45,156,217**

(a) Long term provisions for employee benefits

	31 December 2022	**31 December 2021**
Provision for termination indemnity (*)	283,197,868	80,284,668
	283,197,868	**80,284,668**

20 PROVISIONS FOR EMPLOYEE BENEFITS (Continued)

(a) Short term provisions for employee benefits (Continued)

The movement of retirement pay provision for the years ended 31 December 2022 and 2021 are as follows:

	31 December 2022	**31 December 2021**
Opening balance	80,284,668	59,665,293
Cost of services	12,502,353	14,851,920
Interest cost	13,937,714	7,742,778
Payment made during the period	(13,142,725)	(8,572,012)
Currency translation difference	(1,689,893)	965,170
Actuarial loss	191,305,751	5,631,519
Balance as at 31 December (*)	**283,197,868**	**80,284,668**

(*) According to the legislation in Turkey, employees who completed one working year in the Group, are dismissed without any meaningful reason, quit due to the military service, pass away, completed 25 working years for male, 20 working years for female and are at retirement date (58 years old for female, 60 years old for male) should be paid for termination benefit. Due to the amendment of the legislation on 8 September 1999, there are certain transitional liabilities regarding duration of service depending on retirement.

As at 31 December 2022, these payments calculate on 30 days salary according to at the most TL 19,982,83 (2021: TL 10,848,59) at the rate of retirement or resignation day per the year worked. Provision of termination benefit is calculated on the current period and reflected to financial tables. The provision is calculated on estimating the present value of the possible liability in the future caused by retirements of employees of the Group. This calculation is made according to the ceiling announced by the government.

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. TRFS require actuarial valuation methods to be developed to entities' obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability.

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2022, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provisions at the respective reporting period dates have been calculated assuming an annual inflation rate of 13.66 percent and a interest rate of 13.66 percent, resulting in a real discount rate of approximately 10.31 percent (31 December 2021: an annual inflation rate of 14.54 percent, an interest rate of 14.54 percent, a real discount rate of approximately 18.38 percent)

21 PAYABLES RELATED TO EMPLOYEE BENEFITS

As at 31 December 2022 and 2021 payables related to employee benefits comprised the followings:

	31 December 2022	31 December 2021
Social security premiums payable	21,733,182	13,585,640
Payables to personnel	13,442,572	7,012,472
	35,175,754	**20,598,112**

22 OTHER ASSETS AND LIABILITIES

(a) Other current assets

As at 31 December 2022 and 2021 other current assets comprised the followings:

	31 December 2022	31 December 2021
Deferred Value Added Taxes (“VAT”)	630,513,303	13,970,678
Export Incentive (*)	30,888,733	38,838,931
Other	81,131	223,259
	661,483,167	**53,032,868**

(*) The related amount comprised of the supports given by the Ministry of Economy for the branding support program.

As of 31 December 2022 and 2021, other non-current assets are as follows:

	31 December 2022	31 December 2021
Deferred Value Added Taxes (“VAT”)	156,106,020	-
	156,106,020	**-**

23 ASSET HELD FOR SALE

a) Asset classified as held for sale

As of 31 December 2022, according to the valuation report received for the fixed assets transferred by the Group management, there is no impairment in these fixed assets. (As of 31 December 2021 there is no impairment)

	31 December 2022	31 December 2021
Beginning	22,818,494	207,246,490
Disposals(-)	(6,200,157)	(249,019,423)
Impairment (-) (Note 29)	-	64,591,427
Total	**16,618,337**	**22,818,494**

As of 31 Dcember 2022, some of the asset groups consisting of the building, land and machinery and equipment have not been sold. As of 31 December 2022, assets held for sale continue to be accounted in assets, since there is no change in the sales plans of the Group Management and the sales are likely to occur in a short time.

23 ASSET HELD FOR SALE (Continued)

a) Asset classified as held for sale (Continued)

On 17 December 2021, The Group declared that they decided to transfer the shares of its subsidiary Banvit Foods S.R.L, with the Sale Purchase Agreement dated 17 December 2021, to Aaylex System Group S.A at a transaction amount of EUR 20,300,000 and the closing transaction based on agreement will be performed in the following months. In accordance with TFRS 5 " Non-current Assets Held for Sale and Discontinued Operations" the assets and the libilities o f the subsidiary Banvit Foods S.R.L. are classifed as " assets held for sale" and "Liabilities classified as held for sale". As at the reporting date, the Group has recognized TL 64,591,427 impairment loss under expenses from investment activities in the profit or loss statement arising from fair falue analysis between the carrying value and the selling price of the subsidiary classified as asset held for sale.

It was announced to the public that the share transfer agreement for the transfer of all shares of Banvit Foods S.R.L. to Aaylex System Group S.A. with a total transfer price of EUR 20,300,000 was signed. With the completion of the pre-conditions contained in the contract, the transfer of shares realized on 04 May 2022 and it was announced to the public that the transfer transactions were completed.

The details of the income from investment activities as a result of this transaction are are as follows:.

	31 December 2022	**31 December 2021**
Profit from asset held for sales	16,818,363	-
Impairment of asset held for sale	-	64,591,427
Loss from the disposal of asset held for sale	-	(95,596,504)
Currency translation difference	-	137,759,280
Toplam	**16,818,363**	**106,754,203**

24 EQUITY

(a) Capital

As at 31 December 2022, the paid-in capital of the Company comprises of : 100,023,579 shares issued (31 December 2021: 100,023,579 shares) of TL 1 each (31 December 2021: TL 1). There are no privileges rights provided to different shareholder groups or individuals. The shareholder structure of the Company is as follows:

		31 December 2022		**31 December 2021**	
	Class	**Ownership Interest**	**Shares (%)**	**Ownership Interest**	**Shares (%)**
Shareholders					
TBQ Foods GmbH	A	91,727,012	91.71	91,727,012	91.71
Publicly traded	A	8,296,567	8.29	8,296,567	8.29
Total		**100,023,579**	**100.00**	**100,023,579**	**100.00**

24 EQUITY (Continued)

(a) Capital

As of 31 December 2022, the Company's issued and paid-in share capital consists of 100,023,579 Class A shares and all with a par value of TL 1 each. These shares are bearer shares.

The Company registered capital system with the permission of the Capital Markets Board dated 24 February 2011 numbered 6/181. The authorized capital limit is 300,000,000 TL and the authority to increase the capital up to the registered capital limit is given to the board of directors until 2022.

Banvit shares, which are subject to the sale, belong to Yumtaş, Banvit's bankrupt subsidiary. There was no change in the partnership shares and capital structure due to the sale. BGC Partner Menkul Değerler A.Ş. The sale transaction was carried out on 25 October 2010 through Profit of TL 5,611,290 arising from the sale of shares after the commission paid for the transactions of TL 141,321 was accounted for under other reserves (31 December 2021: TL 5,611,290)

(b) Capital adjustment differences

As of 31 December 2022, capital adjustment differences amounting to TL 6,348,821 consist of capital adjustment differences arising from the adjustment of the Group's paid-in capital amount according to inflation and not offset against previous years' losses or added to the capital (31 December 2021: TL 6,348,821).

(c) Defined benefit plans re-measurement losses

Consists of actuarial gains and losses recognized as other comprehensive income as a result of the adoption of TAS 19 (2011).

(d) Revaluation of property, plant and equipment

The properties revaluation fund arises on the revaluation of land. When revalued land is disposed, the portion of the properties revaluation reserves that relates to that asset is transferred directly to retained earnings.

	2022	**2021**
Balance as at 1 January	414,037,623	427,419,945
Fair value increase arising from sale of tangible assets	(22,423,199)	(13,382,322)
	1,284,034,395	-
Total	**1,675,648,819**	**414,037,623**

24 EQUITY (Continued)

(e) Translation Difference

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign subsidiaries from their functional currencies to presentation currency in TL.

(f) Gains/Losses from Cash Flow Hedges

Derivative instruments are initially recorded at their acquisition cost, which reflects their fair value at the contract date, and are valued at their fair value in the following periods. Derivative instruments of the Group mainly consist of forward foreign currency purchase and sale contracts and foreign currency and interest rate swap transactions. Although these derivative instruments provide an effective protection against risks for the Group economically, if they do not meet the necessary conditions for risk accounting, they are accounted for as trading derivatives in the consolidated financial statements and the fair value changes related to them are reflected in the consolidated profit or loss statement.

(g) Restricted reserves

The legal reserves consist of the first and second reserves in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory profit at the rate of 5% until the total reserve reaches a maximum of 20% of the Group's paid-in capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Group's share capital. The first and second legal reserves are not available for distribution unless they exceed 50% of the share capital, however they can be used to offset losses if there are no retained earnings. In 2022, the Group has no transfer to legal reserves. (31 December 2021: None.)

	31 December 2022	31 December 2021
First legal reserve	11,177,487	11,177,487
Second legal reserve	4,013,351	4,013,351
Total	**15,190,838**	**15,190,838**

(h) Other reserves

The immovables and all Banvit shares held by Yumtaş, a subsidiary of Banvit, were transferred to the Company prior to the bankruptcy of the subsidiary. In the consolidated financial statements as of 31 December 2009, these shares are followed as the company's own shares at an indexed cost of TL 22,511,632. On October 25, 2010, the company sold 4,750,293 shares of Banvit in its treasury to foreign investors at a price of 5.95 TL per share as a block.

(i) Retained earnings / (Accumulated losses)

Retained earnings indicated by the Group on its financial statements issued as per communiqué of Capital Market Board (CMB); Series: (II-14.1) was TL 306,157,937-as of 31 December 2021 (31 December 2021: gain TL 188,583,939).

25 REVENUE AND COST OF SALES

For the periods 1 January - 31 December 2022 and 2021, gross profit as a result of revenues and cost of sales related operating are as follows:

	31 December 2022	31 December 2021
Domestic sales	12,159,068,443	5,621,928,262
Export	1,988,927,230	735,226,046
Other sales	672,596	252,335,037
Gross revenues	**14,148,668,269**	**6,609,489,345**
Returns and discounts (-)	(3,154,844,289)	(1,288,005,809)
Net sales	**10,993,823,980**	**5,321,483,536**
Cost of sales (-)	(10,153,539,658)	(4,641,890,751)
Gross profit	**840,284,322**	**679,592,785**

(*) The Group changed its pricing strategy in 2022 and started to present the sales realized as gross basis.

For the year ended 31 December, the nature of cost of sales comprised the followings:

	31 December 2022	31 December 2021
Raw materials and consumables	7,146,299,738	3,572,642,934
General production expenses	1,999,863,934	605,533,082
Personnel expenses (note 28)	717,196,907	322,664,292
Depreciation (note 28)	258,225,025	246,854,104
Changes in inventory	31,954,054	(105,803,661)
	10,153,539,658	**4,641,890,751**

26 GENERAL ADMINISTRATIVE EXPENSES, SELLING, MARKETING AND DISTRIBUTION EXPENSES RESEARCH AND DEVELOPMENT EXPENSES

For the years ended 31 December, administrative expenses comprised the following:

	2022	2021
Personnel expenses	50,128,519	58,917,232
Consulting expenses	24,507,396	15,148,231
Maintenance and repair expenses	23,177,697	7,143,938
Depreciation and amortization	17,955,026	2,177,343
Travel expenses	15,390,869	2,254,254
Security expenses	7,906,786	6,463,620
Disallowable expenses	6,689,574	2,250,759
Taxes, duties and fees	5,721,156	5,742,678
Insurance expenses	3,511,936	2,630,075
Cleaning expenses	2,469,747	2,973,222
Accommodation expenses	1,677,322	798,300
Social activity expenses	806,505	1,478,817
Other	8,162,886	8,720,647
	168,105,419	**116,699,116**

26 GENERAL ADMINISTRATIVE EXPENSES, SELLING, MARKETING AND DISTRIBUTION EXPENSES RESEARCH AND DEVELOPMENT EXPENSES (Continued)

For the years ended 31 December, selling, marketing and distribution expenses comprised the following:

	2022	2021
Shipping costs	227,828,095	100,715,427
Export expenses	174,997,633	15,464,049
Sales commission expenses	111,195,789	46,868,588
Personnel expenses (Note:28)	66,954,484	35,266,576
Advertising expenses	27,521,215	21,917,567
Electricity expenses	7,080,438	2,028,342
Rental expenses	7,722,509	2,927,633
Depreciation and amortization	6,885,761	6,213,123
Taxes, duties and fees	5,838,791	3,221,656
Car rental expenses	2,863,381	5,026,555
Travel expenses	2,497,137	6,007,907
Cleaning expenses	2,201,836	1,633,546
Maintenance and repair expenses	1,579,901	2,573,476
Sponsorship expenses	1,005,001	109,524
Insurance expenses	753,829	642,471
Other	11,049,288	8,242,311
	657,975,088	**258,858,751**

(*) The related amounts are the product sales commissions given by the Group to the contractors.

27 EXPENSE BY NATURE

Depreciation and amortization expenses	**2022**	**2021**
Cost of sales (Note: 25)	258,225,025	246,854,104
General administrative expenses (Note: 26)	17,955,026	1,879,863
Selling. marketing and distribution expenses (Note: 26)	6,885,761	6,213,123
Research and development expenses	-	2,177,344
	283,065,812	**257,124,434**

Personnel expenses	**2022**	**2021**
Cost of sales	717,196,907	322,664,292
General administrative expenses	50,128,519	58,917,232
Selling. marketing and distribution expenses	66,954,484	35,266,576
Research and development expenses	628	1,186,130
	834,280,538	**418,034,230**

27 EXPENSE BY NATURE (Continued)

For the years ended 31 December, personnel expenses comprised the following:

	2022	**2021**
Wages and salaries	821,137,813	409,462,218
Increase in the provision for severance pay	13,142,725	8,572,012
	834,280,538	**418,034,230**

Fees for Services Received from Independent Auditor / Independent Audit Firms

The Group's explanation regarding the fees for the services received from the independent audit firms, which is based on letter of POA dated August 19, 2022, preparation principles of which are based on the Board Decision published in the Official Gazette on Marh 30, 2022, are as follows:

	2022	**2021**
Audit and assurance fee	2,687,497	1,512,643
Tax consulting fee	785,193	160,000
Other assurance services fee	215,000	30,500
	3,687,690	**1,703,143**

28 OTHER OPERATING INCOME AND EXPENSES

For the years ended 31 December, other operating income comprised the following:

	2022	**2021**
Foreign exchange gains	390,818,730	240,108,692
Rediscount income, net	68,158,307	1,014,947
Salvage income	9,232,258	761,433
Government support income	7,742,711	7,012,498
Provisions no longer required	1,065,068	1,474,257
Rent income	-	386,439
Insurance indemnity income	-	348,189
Income and profits from other activities	12,900,135	11,975,872
Other operating income	**489,917,209**	**263,082,327**

For the years ended 31 December, other operating expenses comprised the following:

	2022	**2021**
Foreign exchange losses	560,471,903	475,166,283
Employee bonus	-	7,843,058
Doubtful advance allowances	-	477,500
Other	11,984,050	9,574,812
Other operating expenses	**572,455,953**	**493,061,653**

29 INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

For the years ended 31 December, income from investment activities comprised the following:

	2022	**2021**
Profits from the sale of assets held for sale	16,818,363	-
Income from sale of subsidiary	-	106,754,203
Income from sale of fixed assets	-	21,659,124
Total Income from investing activities	**16,818,363**	**128,413,327**

For the years ended 31 December, expenses from investment activities comprised the following:

	2022	**2021**
Loss from sale of fixed assets	-	25,776,930
Total expenses from investing activities	**-**	**25,776,930**

30 FINANCE INCOME AND EXPENSES

	2022	**2021**
Foreign exchange gains	35,243,911	77,176,809
Interest income on financial liabilities	16,931,742	92,021,850
Toplam finansman gelirleri	**52,175,653**	**169,198,659**

For the years ended 31 December finance expense comprised the following:

	2022	**2021**
Interest expense on financial liabilities	198,250,277	179,982,310
Rental obligations interest expenses	6,678,195	13,500,984
Interest cost on defined benefit plan	13,937,715	7,742,778
Foreign exchange losses	168,073,763	9,374,590
Commission and other expenses	75,091,153	13,848,210
Total finance expense	**462,031,104**	**224,448,872**

31 OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022, income amounting to TL 1,130,989,794 (2021: income amounting to TL 4,505,215) has been recognized in other comprehensive income. which will be reclassified to profit or loss.

For the year ended 31 December 2022, Foreign currency translation effect amounting to TL 220,529,477 on accumulated other comprehensive income to be reclassified to profit or loss for the year ended December 2022.(2021: income amounting to TL 149,752,595) and hedging gain amounting to TL 9,637,233.

32 INCOME TAX

As of 31 December 2022 corporate income tax is levied at the rate of 23 % (2021: 25 %). The law on amending the Tax Procedure Law and the Corporate Tax Law was enacted on January 20, 2022. It has been enacted with the number 7352 and it has been decided that the financial statements will not be subject inflation adjustment in the 2022 and 2021 accounting periods, including the temporary accounting periods, and in the provisional tax periods of the 2023 accounting period, regardless of whether the conditions for the inflation adjustments within the scope of the repeated Article 298 are met.

There is a withholding tax liability on dividend distributions and the withholding liability is accrued in the period when the dividend payment is occured.The payments of dividend are subject to the 15% withholding tax until 22 December 2022, except for limited taxpayer companies that generate income through a workplace or their permanent representative in Turkey, and those made to companies residing in Turkey. Additionally, in accordance with the Presidential Decision No. 4936, which was published in the Official Gazette dated 22 December 2022 and numbered 31697, arrangements were made in the provisions of the Income Tax Law No. 193 and the Corporate Tax Law No. 5520 on dividend distribution, the withholding tax rate of 15% has been decreased to 10%.

In the application of withholding tax rates for profit distributions to limited taxpayer companies and natural persons, the withholding tax rates in the relevant double taxation agreements are also taken into account. The capital increase from retained earnings is not related to dividend distribution, therefore it's not subject to withholding tax liability.

In Turkey. the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of “disguised profit distribution via transfer pricing”. The General Communiqué on disguised profit distribution via Transfer Pricing, dated 18 November 2007 sets details about implementation.

If a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties. where the prices are not set in accordance with arm's length principle. then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

Corporations are required to pay advance corporation tax quarterly at the rate of 23 percent on their corporate income. Advance tax is declared by the 10th of the second month following each calendar quarter end and is payable by the 17th of the second month following each calendar quarter end. Tax payments that are made in advance during the year are being deducted from the total final tax liability of the fiscal year. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

32 INCOME TAX (Continued)

In Turkey. there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns on the fifteenth date of the four months following the close of the accounting year to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filling during which time the tax authorities have the right to audit tax returns and the related accounting records on which they are based and may issue re-assessments based on their findings.

Dividend income (excluding profits from investment funds participation certificates and investment trusts' shares) obtained from participating in the capital of another corporation which is fully taxpayer is exempt from corporation tax. In addition. 75% of the profits arising from the sale of associated shares.redeemable shares and preferential rights of real estates (property. plant) owned by the same duration as the participation shares included in the assets of the institutions for at least two full years are exempt from corporate taxation as at 31 December 2017. However, with the amendment made by Law No. 7061, this ratio has been decreased from 75% to 50% in terms of property, plant and this ratio will be used as 50% in tax declarations to be prepared from 2018.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years.

Current tax assets and liabilities

As at 31 December, total current tax liability comprised the following:

	2022	**2021**
Corporate tax provision	-	(41,359,060)
Prepaid taxes	82,267,920	2,695,951
Total current tax (liability) / assets	**82,267,920**	**(38,663,109)**

Total income tax benefit/ (expense) recognized in profit or loss for the year ended 31 December 2022 and 2021 are as follows:

	31 December 2022	**31 December 2021**
Current year tax expense	-	(44,716,967)
Deferred tax income	18,887,930	21,575,023
Tac income/ (expense)	**18,887,930**	**(23,141,944)**

32 INCOME TAX (Continued)

For the years 31 December, the deferred tax asset/liability movement is as follows:

	31 December 2022	31 December 2021
1 January	18,250,769	(5,398,397)
Previous period adjustments(*)	-	947,839
Deferred tax eefect of OCI	(213,509,202)	1,126,304
Deferred tax income	18,887,930	21,575,023
Total	**(176,370,503)**	**18,250,769**

(*) Prior year tax adjustment isthe difference in the amount between the advance tax declaration and the final coporate tax declaration of prior year accounted under the current period benefit / (expense) in the consolidated financial statements as of 31 December 2022.

For the years 31 December, the tax reconciliation is as follows:

	%	31 December 2022	%	31 December 2021
Net profit/(loss) of the period		**(442,655,712)**		**95,150,799**
Tax (expense)/income		18,887,930		(23,141,944)
Profit/ (Loss) before tax		(461,543,642)		**118,292,743**
Tax rate %		%23		%25
Taxes income/(expense) on reported profit per statutory tax	**(23,00)**	**106,155,038**	**(25,00)**	**(29,573,186)**
Non-deductible expenses		(81,328,080)		(13,843,589)
Change in governments grants will be utilized		-		1,226,594
Effect of tax rate changes for foreign subsidiaries		-		6,999,778
Tax effect of exemptions and deductions		567,489		34,314,629
Effect of permanent differences over which deferred tax is not calculated		(11,700,008)		(20,540,759)
Effect of change in statutory tax rate on deferred tax		5,193,491		(1,725,411)
Tax expense		**18,887,930**		**(23,141,944)**

Deferred tax assets and liabilities

Deferred tax liabilities and assets are provided on all taxable temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities and assets are recognized in the financial statements from the enacted or substantially enacted tax rates to the extent that the temporary differences in the subsequent years will be reversed.

The Group recognizes deferred tax assets in the financial statements by taking into consideration the factors such as the developments in the sector that the Group is operating. taxable income in the forthcoming years. Turkey’s general economic and political situation. and/or global economic and political situations. The Group expects to generate taxable income in the forthcoming years and considers.

Deferred tax assets and liabilities as of 31 December 2022 are calculated with 20 percent tax rate for the temporary differences which will be realized after 2022 and onwards.

32 INCOME TAX (Continued)

Recognized deferred tax assets and liabilities

As of 31 December 2022, deferred tax assets and liabilities comprised of the following;

	31 December 2022 Assets / (Liabilities)	**31 December 2021 Assets / (Liabilities)**
Property, plant and equipment and biological assets	18,939,618	12,918,231
Provision for employee benefits	9,225,049	12,786,854
Retirement pay provision	56,656,569	18,465,474
Other current assets	12,322,455	11,715,346
Trade Receivables	1,747,917	-
Derivative transactions	2,569,929	-
Inventories	8,084,567	10,494,850
Trade payables	(1,656,541)	6,700,454
Right of use assets and financial liabilities	(514,699)	5,000,008
Other short term provisions	32,172,099	4,546,261
Government grants	27,147,383	27,147,383
Revaluation fund	(362,758,947)	(100,444,870)
Deferred tax deducted from previous year's financial losses	18,728,766	-
Other	965,332	8,920,778
Deferred tax assets/(liabilities), net	**(176,370,503)**	**18,250,769**

33 EARNINGS/(LOSS) PER SHARE

Earnings per share for the year ended 31 December 2022 amounting to TL (4,4255) (31 December 2021: TL 0,9513). Earnings per share is computed by dividing the net profit for the year ended to the weighted average of the shares during these periods.

	31 December 2022	**31 December 2021**
Earnings /(loss) per share		
Net profit/(loss)	(442,655,712)	95,150,799
Number of weighted average of ordinary shares	100,023,579	100,023,579
Number of weighted average of ordinary shares	**(4,4255)**	**0,9513**
Basic Earnings/(loss) per share (per share) (TL)	**(4,4255)**	**0,9513**

34 FINANCIAL INSTRUMENTS

Financial risk management

The Group has exposure to the following risks from its operations:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note informs about. Group's exposures towards risks mentioned above. Group's goals, policies and processes for measuring and managing risks and capital management policy of the Group. Detailed descriptions and analysis mentioned in Notes 36 and 37.

Financial risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities. The carrying amounts of financial assets and contract assets represents the maximum credit exposure. Financial instruments that could cause the Group to considerably increase credit risk are mainly cash and commercial receivables. The Group has cash and cash equivalents in various financial institutions. The Group manages this risk by limiting transactions with financial institutions and by constantly evaluating the reliability of such institutions. Credit risk that may arise from trade receivables is limited by the fact that the Group management limits the amount of credit applied to customers. Trade receivables are assessed by considering their past experiences and current economic situation in the Group management and are presented as net in the balance sheet after the provision for doubtful receivables is settled (Note 8).

34 FINANCIAL INSTRUMENTS (Continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Market risk

Market risk is the risk that changes in market prices, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The Group is subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or reprise at different times or in differing amounts.

Currency risk

The Group is exposed to currency risk due to its sales, import transactions and borrowings in foreign currency. These transactions are held in Usd and Euro.

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets.

Operational risk

Operational risk is the direct or indirect loss arising from a wide variety of factors related to the Group's processes, employees, technology and infrastructure, and external factors such as legal and regulatory requirements outside the credit risk, market risk and liquidity risk, and generally accepted standards for legal entity Risk, Operational risks arise from all Group activities.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses. In this context, the following company procedures and internal control issues have been identified:

- requirements for appropriate segregation of duties, including the independent authorization of transactions
- requirements for the reconciliation and monitoring of transactions compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective.

34 FINANCIAL INSTRUMENTS (Continued)

Capital risk management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximizing its profit and market value through the optimization of the debt and equity balance.

	31 December 2022	**31 December 2021**
Total finance liabilities	1,931,508,444	1,139,997,002
Liquid assets	(536,862,408)	(769,346,310)
Net liabilities	1,394,646,036	370,650,692
Equity	2,143,323,369	1,244,097,043
Share capital	3,537,969,405	1,614,747,735
Net liabilities/Share capital	**39%**	**23%**

35 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS

Credit risk

	Receivables				Deposits on banks
31 December 2022	**Trade receivables**		**Other receivables**		
	Related party	**Other**	**Related party**	**Other**	
Exposure to maximum credit risk as at reporting date (A +B+C+D)	**20,458,028**	**764,250,271**	**-**	**11,811,490**	**493,986,642**
- The part of maximum risk under guarantee with collateral	-	(281,927,625)	-	-	-
A. Net carrying value of financial assets which are neither impaired nor overdue	20,458,028	720,480,453	-	11,811,490	493,986,642
B. Net carrying value of financial assets that are restructured. otherwise which will be regarded as overdue or impaired	-	-	-	-	-
C. Net carrying value of financial assets which are overdue but not impaired	-	43,769,818	-	-	-
Covered portion of net book value (with letter of guarantee etc.)	-	(281,927,625)	-	-	-
D. Net carrying value of financial assets which are impaired	-	-	-	-	-
- Past due (gross book value)	-	8,123,155	-	-	-
- Impairment (-)	-	(8,123,155)	-	-	-
- Covered portion of net book value (with letter of guarantee etc.)	-	-	-	-	-
Impairment (-)	-	-	-	-	-
E. Off balance sheet items with credit risks	-	-	-	-	-

	Receivables	
31 December 2022	**Trade receivables**	**Other receivables**
	(35,042,364)	-
Past due 1-30 days	(26,241)	-
Past due 1-2 months	(2,413,556)	-
Past due 3-6 months	(6,287,657)	-
More than 6 months		

35 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

	Receivables				
31 December 2021	**Trade receivables**		**Other receivables**		**Deposits on banks**
	Related party	**Other**	**Related party**	**Other**	
Exposure to maximum credit risk as at reporting date (A +B+C+D)	**33,652,282**	**524,902,470**	**-**	**11,513,218**	**752,378,811**
- The part of maximum risk under guarantee with collateral	-	(148,196,251)	-	-	-
A. Net carrying value of financial assets which are neither impaired nor overdue	33,652,282	524,902,470	-	11,513,218	752,378,811
B. Net carrying value of financial assets that are restructured. otherwise which will be regarded as overdue or impaired	-	-	-	-	-
C. Net carrying value of financial assets which are overdue but not impaired	-	68,948,388	-	-	-
Covered portion of net book value (with letter of guarantee etc.)	-	(189,191,916)	-	-	-
D. Net carrying value of financial assets which are impaired	-	-	-	-	-
- Past due (gross book value)	-	9,176,311	-	-	-
- Impairment (-)	-	(9,176,311)	-	-	-
- Covered portion of net book value (with letter of guarantee etc.)	-	-	-	-	-
Impairment (-)	-	-	-	-	-
E. Off balance sheet items with credit risks	-	-	-	-	-

	Receivables	
31 December 2021	**Trade receivables**	**Other receivables**
Past due 1-30 days	(50,134,489)	-
Past due 1-2 months	(9,637,588)	-
Past due 3-6 months	(3,374,806)	-
More than 6 months	(5,801,505)	-

35 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

The Group works with most of its customers since its foundation and there has not been any loss due to receivables from these customers. In order to monitor credit risks, customers are regrouped according to their credit character and customer types. Most of the accounts receivable consist of the receivables from store chains.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Approximately 10,2 percent (31 December 2021: 10,9 percent) of the Company's revenue is attributable to sales transactions with a single customer. Trade receivables balance of this customer is amounting to TL 61,004,427 for a single customer (31 December 2021: TL 53,103,289).

As of 31 December 2022, the maximum credit limit granted by the Group to the branches is TL 10,000 and each credit limit offer above 10,000 TL is evaluated according to the processes determined in the Group CRM policies.

As of December 31, 2022, the Group enters its customers within the scope of the commercial credit insurance with a limit of TL 10,000-125,000 in order to secure their receivables. For the limits demanded above these limits, commercial credit insurance is applied to the processes determined in the Group's CRM policies.

Group obtains a letter of bank guarantee from its customers to avoid exposure of the collection risk or ensures that it is included in the DBS system.

Credit risk is diversified since there are many counterparties in the customer database.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets for other customers as at 31 December 2022:

	Weighted-average loss rate %	Gross carrying amount	Loss allowance
Current (not past due)	0,00%	506,719,549	-
1-30 days past due	0,04%	550,391	220
31-60 days past due	0,20%	6,501,874	13,004
61-90 days past due	0,70%	913,062	6,391
91-120 days past due	1,70%	1,038,455	17,654
121-150 days past due	3,33%	66,912	2,228
151-180 days past due	5,56%	23,980	1,333
181-360 days past due	11,81%	299,787	35,405
360+ days past due	100,00%	7,357,296	7,357,296
		523,471,306	**7,433,531**

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets for other customers as at 31 December 2021:

	Weighted-average loss rate %	Gross carrying amount	Loss allowance
Current (not past due)	0.00%	462,854,871	8,621
1-30 days past due	0.01%	50,134,489	4,943
31-60 days past due	0.16%	7,940,392	12,595
61-90 days past due	0.51%	1,697,196	8,679
91-120 days past due	1.10%	746,379	8,218
121-150 days past due	2.31%	203,917	4,707
151-180 days past due	4.26%	26,011	1,108
181-360 days past due	10.33%	701,933	72,542
360+ days past due	100.00%	597,283	597,283
Other bad debts	100.00%	9,176,311	9,176,311
		534,078,782	**9,895,007**

35 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Liquidity risk

As at 31 December 2022, the monetary liabilities of the Group according to their remaining maturities are as follows:

31 December 2022	**Book value**	**Contractual cash outflows**	**Less than 3 months**	**3-12 months**	**1-5 years**	**More than 5 years**
Non-derivatives financial liabilities						
Financial liabilities	(1,881,597,822)	(1,899,812,584)	(1,047,746,618)	(724,062,795)	(128,003,171)	-
Trade payables	(2,340,129,789)	(2,340,129,789)	(2,340,129,789)	-	-	
Other payables	(13,252,939)	(13,252,939)	(13,252,939)	-	-	-
Total	**(4,234,980,550)**	**(4,253,195,312)**	**(3,401,129,346)**	**(724,062,795)**	**(128,003,171)**	**-**

As at 31 December 2021, the monetary liabilities of the Group according to their remaining maturities are as follows:

31 December 2021	**Book value**	**Contractual cash outflows**	**Less than 3 months**	**3-12 months**	**1-5 years**	**More than 5 years**
Non-derivatives financial liabilities						
Financial liabilities	1,124,984,739	(1,139,206,050)	(267,004,825)	(504,321,855)	(364,269,204)	(3,610,166)
Trade payables	1,201,678,951	(1,209,114,336)	(1,209,114,336)	-	-	-
Other payables	1,591,461	(1,591,461)	(1,591,461)	-	-	-
Total	**2,328,255,151**	**(2,349,911,847)**	**(1,477,710,622)**	**(504,321,855)**	**(364,269,204)**	**(3,610,166)**

35 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Market risk

Currency risk

Transactions in foreign currency cause the risk of exchange. The exchange rate risk is managed by forward foreign exchange purchase / sale contracts based on approved policies.

Assets and liabilities in foreign currencies of the Group as of 31 December 2022 and 31 December 2021 are as follows;

	31 December 2022			
	TL Equivalent	**USD**	**EUR**	**GPB**
1. Trade Receivables	107,213,825	2,720,207	2,820,356	5,650
2. Monetary Financial Assets	28,074,563	1,501,450	-	-
3. Other	-	-	-	-
4. Current Assets(1+2+3)	**135,288,388**	**4,221,657**	**2,820,356**	**5,650**
5. Total Assets (4)	**135,288,388**	**4,221,657**	**2,820,356**	**5,650**
6. Trade Payables	(1,167,876,086)	(46,018,255)	(15,313,976)	(1,317)
7. Financial Liabilities	-	-	-	
8. Short-Term Liabilities (6+7)	**(1,167,876,086)**	**(46,018,255)**	**(15,313,976)**	**(1,317)**
9. Financial Liabilities	-	-	-	-
10. Long-Term Liabilities (9)	-	-	-	-
11. Total Liabilities (8+10)	**(1,167,876,086)**	**(46,018,255)**	**(15,313,976)**	**(1,317)**
Total (4+11)	**(1,032,587,698)**	**(41,796,598)**	**(12,493,620)**	**4,333**

	31 December 2021			
	TL Equivalent	**USD**	**EUR**	**GPB**
1. Trade Receivables	162,370,993	9,294,154	2,841,582	2,014
2. Monetary Financial Assets	401,344,839	25,976,381	4,375,088	-
3. Other	-	-	-	-
4. Current Assets(1+2+3)	**563,715,832**	**35,270,535**	**7,216,670**	**2,014**
5. Total Assets (4)	**563,715,832**	**35,270,535**	**7,216,670**	**2,014**
6. Trade Payables	(533,427,558)	(35,746,174)	(4,735,742)	-
7. Financial Liabilities	-	-	-	-
8. Short-Term Liabilities (6+7)	**(533,427,558)**	**(35,746,174)**	**(4,735,742)**	**-**
9. Financial Liabilities	-	-	-	-
10. Long-Term Liabilities (9)	-	-	-	-
11. Total Liabilities (8+10)	**(533,427,558)**	**(35,746,174)**	**(4,735,742)**	**-**
Total (4+11)	**30,288,274**	**(475,639)**	**2,480,928**	**2,014**

35 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Exchange Rate Sensitivity Analysis				
2022				
	Profit/(Loss)		**Equities**	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
10% appreciation / depreciation of USD against TL				
1-USD net asset/liability	(78,293,387)	78,293,387	-	-
2-Portion of hedged for USD (-)	-	-	-	-
3-Net effect of USD (1+2)	**(78,293,387)**	**78,293,387**	**-**	**-**
10% appreciation / depreciation of EUR against TL				
4- EUR net asset/liability	(24,905,907)	24,905,907	-	-
5- Portion of hedged for EUR (-)	-	-	-	-
6- Net effect of EUR (4+5)	**(24,905,907)**	**24,905,907**	**-**	**-**
10% appreciation / depreciation of other currencies against TL				
7- Other currencies net asset/liability	9,745	(9,745)	-	-
8- Portion of hedged for other currencies (-)	-	-	-	-
9- Net effect of other currencies (7+8)	**9,745**	**(9,745)**	**-**	**-**
Total (3+6+9)	**(103,189,549)**	**103,189,549**	**-**	**-**

Exchange Rate Sensitivity Analysis				
2021				
	Profit/(Loss)		**Equities**	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
10% appreciation / depreciation of USD against TL				
1-USD net asset/liability	(617,261)	617,261		
2-Portion of hedged for USD (-)	-	-		
3-Net effect of USD (1+2)	**(617,261)**	**617,261**		
10% appreciation / depreciation of EUR against TL				
4- EUR net asset/liability	3,642,573	(3,642,573)		
5- Portion of hedged for EUR (-)	-	-		
6- Net effect of EUR (4+5)	**3,642,573**	**(3,642,573)**		
10% appreciation / depreciation of other currencies against TL				
7- Other currencies net asset/liability	3,515	(3,515)		
8- Portion of hedged for other currencies (-)	-	-		
9- Net effect of other currencies (7+8)	**3,515**	**(3,515)**		
Total (3+6+9)	**3,028,827**	**(3,028,827)**		

Interest rate risk

As at 31 December, the interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows:

	31 December 2022	**31 December 2021**
Fixed rate instruments		
Financial asset	764,250,271	524,902,470
Financial liabilities	1,931,508,444	1,139,997,002

36 FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND DISCLOSURES UNDER HEDGE ACCOUNTING)

Valuation methods of financial instruments valued at fair value are given in the table below. Valuation methods according to levels are defined as follows:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: Data that are directly (through prices) or indirectly (derived from prices) observable data in terms of assets or liabilities, other than recorded prices in

Level 3: Data on assets or liabilities that are not based on observable market data (non-observable data),

31 December 2022	**Level 1**	**Level 2**	**Level 3**
Derivative financial instruments (net)	-	(15,034,880)	-
	-	**(15,034,880)**	**-**

As of 31 December 2022, the Group's lands, buildings and land improvements are measured at their fair values determined by an independent professional valuation company using other valuation techniques containing directly or indirectly observable inputs (Level 2) (Note 2,3),

36 FINANCIAL INSTRUMENTS (THE FAIR VALUE EXPLANATIONS AND DISCLOSURES WITHIN THE FRAMEWORK OF HEDGE ACCOUNTING FOR FINANCIAL RISK)

Fair value

The company has determined the estimated fair values of the financial instruments by using current market information and appropriate valuation methods. Fair values of financial assets and liabilities are estimated to approximate their carrying values since they have short term maturities.

	Financial assets measured at amortized cost	**Financial liabilities measured at amortized cost**	**Carrying amount**	**Fair value**
31 December 2022				
Financial assets				
Cash and cash equivalents	536,862,408	-	536,862,408	536,862,408
Trade receivables from third parties	764,250,271	-	764,250,271	764,250,271
Trade receivables from related parties	20,458,028	-	20,458,028	20,458,028
Other receivables from third parties	11,811,490	-	11,811,490	11,811,490
Financial liabilities				
Financial liabilities	-	1,881,597,822	1,881,597,822	1,881,597,822
Derivative Financial Instruments		15,034,880	15,034,880	15,034,880
Trade payables to third parties	-	2,354,332,073	2,354,332,073	2,354,332,073
Trade payables to related parties	-	832,596	832,596	832,596
Other payables to third parties	-	1,877,612	1,877,612	1,877,612

36 FINANCIAL INSTRUMENTS (THE FAIR VALUE EXPLANATIONS AND DISCLOSURES WITHIN THE FRAMEWORK OF HEDGE ACCOUNTING FOR FINANCIAL RISK) (Continued)

	Financial assets measured at amortized cost	Financial liabilities measured at amortized cost	Carrying amount	Fair value
31 December 2021				
Financial assets				
Cash and cash equivalents	769,346,310	-	769,346,310	769,346,310
Trade receivables from third parties	524,902,470	-	524,902,470	524,902,470
Trade receivables from related parties	33,652,282	-	33,652,282	33,652,282
Other receivables from third parties	11,513,218	-	11,513,218	11,513,218
Financial liabilities			-	-
Financial liabilities	-	1,124,984,739	1,124,984,739	1,124,984,739
Trade payables to third parties	-	1,199,767,335	1,199,767,335	1,199,767,335
Trade payables to related parties	-	1,911,616	1,911,616	1,911,616
Other payables to third parties	-	1,486,151	1,486,151	1,486,151

The Group has determined the estimated fair values of financial instruments using readily available market information and appropriate valuation methods. The fair values of financial assets and liabilities (excluding financial liabilities) are considered to almost equal to their carrying values due to their short-term nature. Internal rate of return ("IRR") has been calculated for all the borrowings under financial liabilities and amortized figure has been accounted for.

Due to the short-term nature of financial assets and liabilities, their fair values are considered to be close to their carrying values.

37 EVENTS AFTER BALANCE SHEET DATE

Due to the negativities caused by the earthquakes centered in Kahramanmaraş, affecting many of our provinces and shaking our whole country, in accordance with the Official Gazette No. 32098 dated Wednesday, February 8, 2023, an extraordinary period of three months in Adana, Adıyaman, Diyarbakır, Gaziantep, Hatay, Kahramanmaraş, Kilis, Malatya, Osmaniye and Şanlıurfa. It was decided to declare the situation. The Group does not have a production facility in the natural disaster area.The developments regarding the natural disaster in question are being closely monitored and studies are continuing to determine the situation.

As part of the efforts to increase productivity and profitability in group activities, in the board of directors meeting dated February 28, 2023, it was decided to terminate the turkey production activities with the aim of using group resources and workforce more efficiently and increasing profitability, which has only 3% share in the total turnover.

38 STATEMENT OF CASH FLOW DISCLOSURES

Net cash provided from operating activities of the Group is TL 470,057,346 TL ,(2021: TL 175,557,708), net cash used in investing activities is (1,418,609,088) TL (2021: (182,871,082) TL), net cash used financing activities is TL 603,514,712 (2021: TL 247,844,750) as of 31 December 2022.

39 STATEMENTS OF CHANGES IN EQUITY DISCLOSURES

The equity of the Group consist the equity Parent company in amount of TL 2,143,323,369 as of 31 December 2022 (31 December 2021: TL 1,244,097,043)

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