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**WE TAKE STRENGTH  
FROM OURSELVES,  
ADD ZEST TO LIFE  
WITH “TAT”**  
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## Vision and Values



I live and prosper with my country. As long as democracy exists and thrives, so do we. We shall do our utmost to strengthen our economy. As our economy prospers, so will democracy and our standing in the world.

**Vehbi Koç**

## Vision

Create regional and global brands by offering products and services that add value to consumers' lives and strengthen brands' loyalty overtime.

## Mission

Ensure sustainable growth in the industries in which we operate both in Turkey and preferred foreign markets by offering consumers innovative products under our brands.

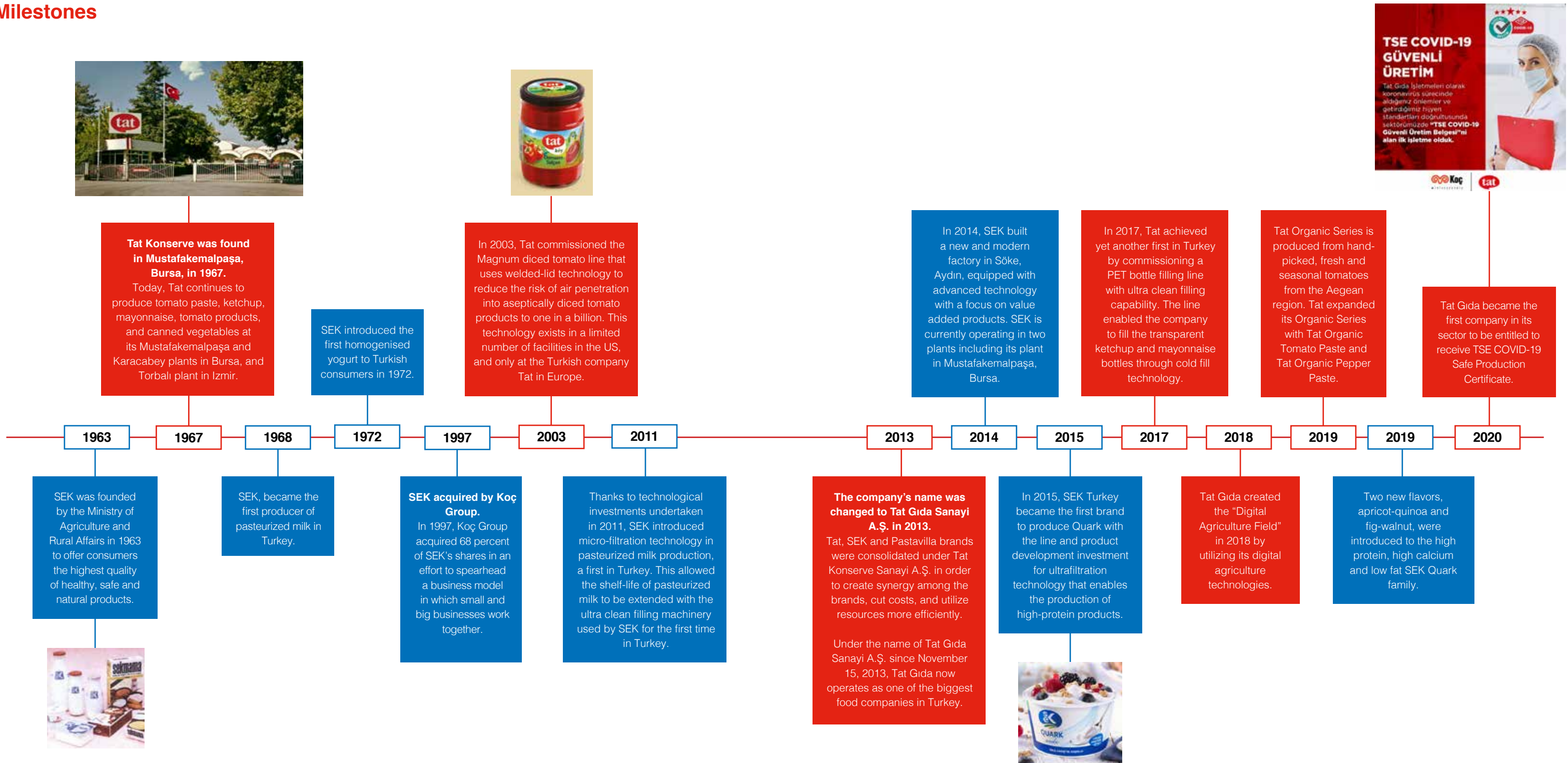


## ABOUT TAT GIDA



**TAT GIDA HOLDS ITSELF TO HIGH QUALITY AND HYGIENE STANDARDS WHILE PROMOTING ENVIRONMENTAL AWARENESS IN PRODUCTION. THE COMPANY ACHIEVED GREAT FEATS BY SWIFTLY AND STRONGLY ADAPTING ITSELF TO CHANGING GLOBAL AND BUSINESS ENVIRONMENT IN 2020.**

## Milestones



## Tat Gıda in Numbers

Tat Gıda is one of the leading FMCG companies in Turkey with its world-class production standards.

Continuing Operations  
2020 Net Sales

**803**  
TL Million

45% Growth compare to 2019

2020 Operating profit from continuing operations

**122**  
TL Million

47% Growth compare to 2019

2020 Profit for the period from continuing operations

**71**  
TL Million

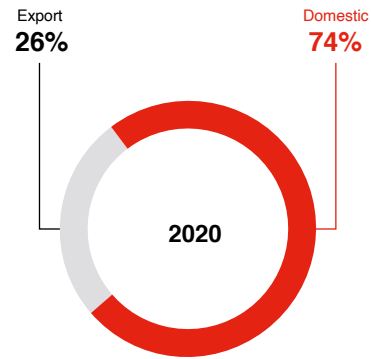
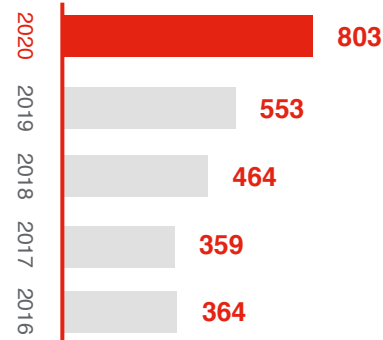
87% Growth compare to 2019

2020 Profit for the Period

**167**  
TL Million

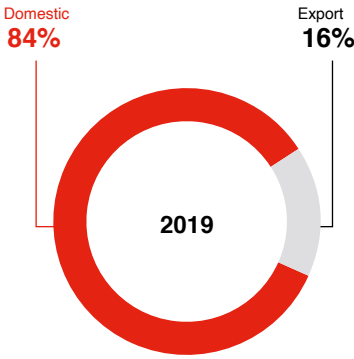
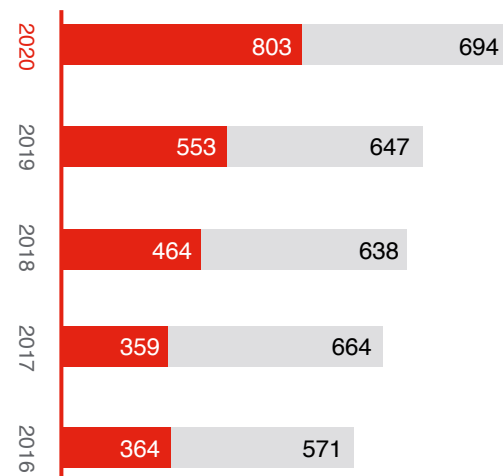
153% Growth compare to 2019

**Net Sales, 2020 Continuing Operations**  
TL Million



**Regional Distribution of Net Sales (Continuing Operations)**

**Net Sales Based on Product Groups**  
TL Million



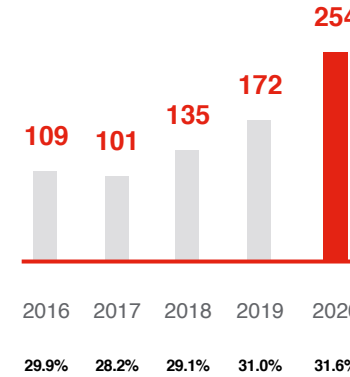
**Regional Distribution of Net Sales (Continuing Operations)**

Continuing Operations (Tomato Paste and Canned Products)  
Discontinued Operations (Milk and Dairy Products, Pasta and Bakery Products)

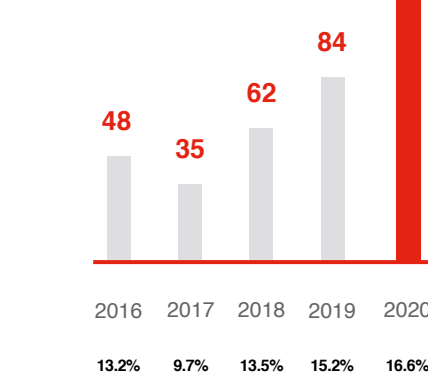
\* Financial data from Milk and Dairy Products and Pasta and Bakery Products, which are discontinued, are excluded.

\*Since "Action, sales, incentive participation fees" in the marketing expenses account group are evaluated as a sales discount, it is classified in the "Revenue" account group in 2018 and prior periods. (2019 Annual Report, Note 2.3 page:97)

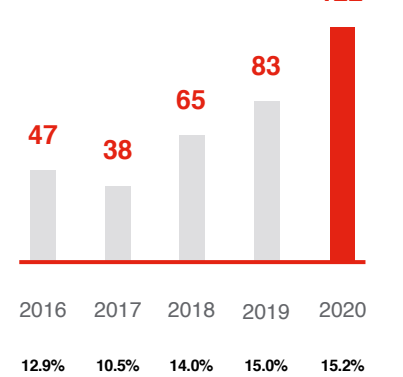
**Continuing Operations Gross Profit**  
Gross Profit Margin



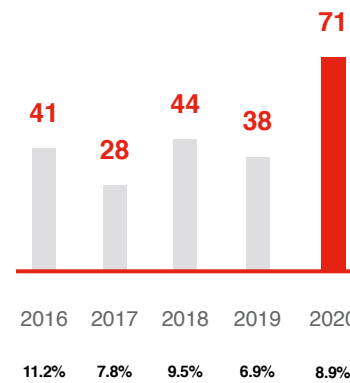
**Continuing Operations EBITDA**  
EBITDA Margin



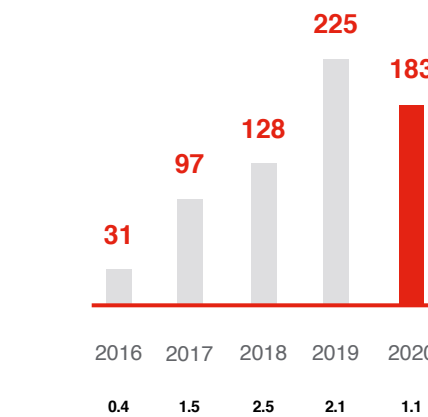
**Continuing Operations Operating Profit**  
Operating Profit Margin



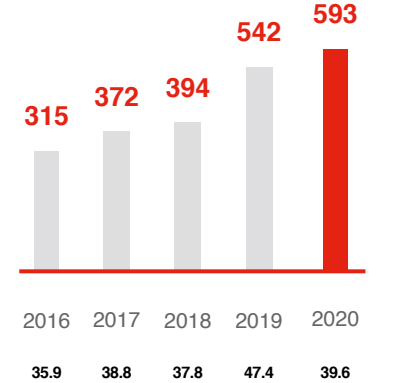
**Continuing Operations Profit for the period**  
Net Profit Margin



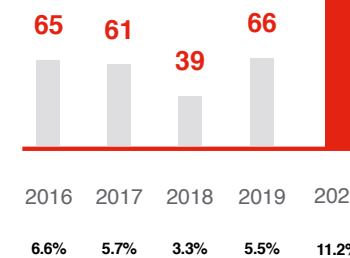
**Net Financial Debt**  
Net Financial Debt/EBITDA



**Net Working Capital**  
Net Working Capital/Net Sales



**Profit for the Period**  
Net Profit Margin



\* Financial data from Milk and Dairy Products and Pasta and Bakery Products, which are discontinued, are excluded.

\*Since "Action, sales, incentive participation fees" in the marketing expenses account group are evaluated as a sales discount, it is classified in the "Revenue" account group in 2018 and prior periods. (2019 Annual Report, Note 2.3 page:97)

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## Operating Results

The company's continuing operations sales increased by 45 percent compared to 2019 to TL 803 million.

The company's gross profit increased by 48 percent to TL 254 million.

Profit for the period from continuing operations increased by 87 percent to TL 71 million, Profit for the period included discontinued operations increased by 253% to TL 167 million.

As of 2020, the Company boasts as the domestic market leader in the tomato paste, tomato products and ketchup categories with its Tat brand, with the exception of discount stores. Tat brand ranks second and third in the pepper paste and mayonnaise categories, respectively.

Our net financial debt to equity ratio for 2020 is 26%

Summary Income Statement (TL Million)	2020	2019	2018	2017	2016
<b>Continuing Operations</b>					
Net Sales	803	553	464	359	364
Gross Profit	254	172	135	101	109
EBITDA	134	84	62	35	48
Operating Profit	122	83	65	38	47
Profit Before Tax	97	48	47	32	45
Profit for the Period from Continuing Operations	71	38	44	28	41
Profit / (loss) for the Period from Discontinued Operations	96	28	-5	33	24
Profit for the Period	167	66	39	61	65
<b>Financial Indicators (%)</b>					
Gross Profit Margin	31,6	31,0	29,1	28,2	29,9
EBITDA Marjın	16,6	15,2	13,5	9,7	13,2
Operating Profit Margin	15,2	15,0	14,0	10,5	12,9
Net Profit Margin from Continuing Operations	8,9	6,9	9,5	7,8	11,2
Net Profit Margin from Discontinued Operations	13,8	4,3	-0,8	5,0	4,2
Net Profit Margin	11,2	5,5	3,3	5,7	6,6
Current Ratio	285,1	284,0	259,8	208,0	330,0
Liquidity Ratio	197,4	160,8	163,4	122,5	190,0
Net Financial Debt/Equity Ratio	26,0	40,1	25,6	19,6	10,0

\* Financial data from Milk and Dairy Products and Pasta and Bakery Products, which are discontinued, are excluded.

\*Since "Action, sales, incentive participation fees" in the marketing expenses account group are evaluated as a sales discount, it is classified in the "Revenue" account group in 2018 and prior periods. (2019 Annual Report, Note 2.3 page:97)

## Research and Development

R&D operations aim to develop new products in line with market and customer expectations by ensuring consistent product and service quality with an investment of TL 2,096,175 in 2020.

## Production and Sales

In our tomato paste and canned goods plant we have produced a total of 381,000 tons of tomatoes, 17,000 tons of vegetables and fruits; 66,000 tons of tomato paste, 8,000 tons of tomato products, 9,000 tons of ketchup, 6,000 tons of mayonnaise and 17,000 tons of other canned goods.

At our SEK operations, which is now discontinued, we have produced a total of 162,000 tons of raw milk, 139,000 tons of milk and dairy products and 6,000 tons of fruit juice.

Net Sales (TL Million)	2020		2019		Difference %	
	Net Sales	Thousand Tons	Net Sales	Thousand Tons	Net Sales	Thousand Tons
Product Groups						
Tomato Products and Canned Goods	803	92	553	70	45	31
Discontinued Operations	694	138	647	142	7	-3
Milk and Dairy Products	694	138	589	125	18	10
Pasta and Bakery Products	0	0	59	17	-	-
<b>Total</b>	<b>1,497</b>	<b>230</b>	<b>1,201</b>	<b>212</b>	<b>25</b>	<b>8</b>

## Investments

2020 highlighted the investments that were focused on capacity, productivity and modernization in the tomato paste and canned products category. In addition, sustainability and related infrastructure projects were among the most intensive investment areas in that year. The capital expenditures per production site:

Investments (TL million)	2020	2019
Tomato Products and Canned Goods	37	13
Discontinued Operations	2	5
Milk and Dairy Products	2	5
Pasta and Bakery Products	0	0
Investments that cannot be allocated to segments	1	3
<b>Total</b>	<b>40</b>	<b>21</b>

## Incentives

Obtained the Investment Incentive Certificate, No. 505939, dated October 18, 2019, for modernization investment at the Bursa Mustafakemalpaşa SEK Dairy Plant. A 50-percent Tax Credit, VAT and Customs Tax Exemptions and Support for Employer Share of Insurance Premiums apply to investments that are made within scope of the certificate.

Obtained the Investment Incentive Certificate, No. 136922, dated May 3, 2018, for modernization investment at the Izmir Torbalı Canned Products Plant. A 50-percent Tax Credit, VAT and Customs Tax Exemptions and Support for Employer Share of Insurance Premiums apply to investments that are made within scope of the certificate.

Obtained the Investment Incentive Certificate, No. 136771, dated April 24, 2018, for modernization investment at the Bursa Karacabey Canned Products Plant. VAT and Customs Tax Exemptions apply to investments that are made within scope of the certificate.

Obtained the Investment Incentive Certificate, No. 509964, dated March 26, 2020, for modernization investment at the Bursa Mustafakemalpaşa Canned Products Plant. A 50-percent Tax Credit, VAT and Customs Tax Exemptions and Support for Employer Share of Insurance Premiums apply to investments that are made within scope of the certificate.



## GENERAL MEETING OF SHAREHOLDERS



**FOR TAT GIDA, EMPLOYEES' HEALTH MEANS COMPANY'S HEALTH, AND IT BRINGS WELL-BEING OF THE SOCIETY AS ITS OWN DURING PANDEMIA. TAT GIDA POSTED A NET PROFIT OF 167 MILLION TURKISH LIRA FOR THE YEAR, THANKS TO A RANGE OF SUCCESSFUL BUSINESS OPERATIONS.**



## Agenda for the Ordinary General Meeting of Shareholders on 19 March 2021

1. Opening and election of the Meeting Council Chairman;
2. Presentation for discussion and approval of the 2020 Annual Report prepared by the company's Board of Directors,
3. Presentation of the summary of the Independent Auditor's Report Summary for fiscal year 2020;
4. Presentation for discussion and approval of the Financial Statements for fiscal year 2020;
5. Release each member of the Board jointly and individually from any liability arising from the operations of the company in 2020;
6. Approval, amendment and approval, or rejection of the proposal prepared by the Board of Directors in accordance with the company's profit distribution policy for the year 2020 and to set the distribution date;
7. Sermaye Piyasası Kurulu ve Ticaret Bakanlığı'ndan gerekli onayların alınmış olması şartıyla; Yönetim Kurulu'nun Şirket Esas Sözleşmesi'nin "Sermaye" başlıklı 6'nci maddesinin değişikliği hakkındaki önerisinin kabulü, değiştirilerek kabulü veya reddedilmesi;
8. Resolution of the number of members in the Board of Directors and their term in office; elect the stipulated number of members as well as other Independent Members of the Board of Directors;
9. Presentation to shareholders and approval by the General Assembly of on the "Remuneration Policy" for the Members of Board of Directors and Senior Executives and on any stipulated payments made in the year in accordance with the Corporate Governance Principles;
10. Resolution of the annual gross compensation for the Members of Board of Directors;
11. Approval of the Board of Directors' selection of the Independent Audit Company made in accordance with the Turkish Commercial Code and Capital Markets Board regulations;
12. Presentation to shareholders any donations made by the company in 2020; set the upper limit for any donations to be made in 2021;
13. Presentation to shareholders any warrants, pledges, mortgages, or guarantees issued by the company to third parties as well any revenues and benefits earned in 2020, in accordance with Capital Markets Board regulations;

14. Authorization of the shareholders with controlling interest, Members of the Board of Directors, Senior Executives and their spouses and relatives by blood or marriage (up to the second degree) to conduct business in accordance with Articles 395 and 396 of the Turkish Commercial Code; presenting to shareholders any transactions carried out in 2020 in this respect in accordance with the Capital Markets Board's Corporate Governance Communiqué;
15. Wishes and opinions.

## Convenience Translation Into English of Independent Auditor's Report on the Board of Directors' Annual Report Originally Issued in Turkish



### To the Shareholders of Tat Gıda Sanayi Anonim Şirketi

#### Opinion

We have audited the annual report of Tat Gıda Sanayi Anonim Şirketi (the "Company") for the period between 1 January 2020 and 31 December 2020, since we have audited the complete set financial statements for this period.

In our opinion, the financial information included in the annual report and the analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Company are consistent, in all material respects, with the audited complete set of financial statements and information obtained during the audit and provides a fair presentation.

#### Basis for Opinion

We conducted our audit in accordance with the standards on auditing issued by the Capital Markets Board of Turkey and Standards on Auditing which is a component of the Turkish Auditing Standards issued by the Public Oversight, Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Annual Report section of our report. We declare that we are independent of the Company in accordance with the Code of Ethics for Auditors issued by POA (POA's Code of Ethics) and the ethical requirements in the regulations issued by POA that are relevant to audit of financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Auditor's Opinion on Complete Set of Financial Statements

We have expressed an unqualified opinion on the complete set of financial statements of the Company for the period between 1 January 2020 and 31 December 2020 on 12 February 2021.

#### Board of Directors' Responsibility for the Annual Report

In accordance with the Articles 514 and 516 of the Turkish Commercial Code numbered 6102 ("TCC") and Communiqué on the Principles of Financial Reporting In Capital Markets numbered II – 14.1 (the "Communiqué"), the Company's management is responsible for the following regarding the annual report:

- a. The Company's management prepares its annual report within the first three months following the date of statement of financial position and submits it to the general assembly.
- b. The Company's management prepares its annual report in such a way that it reflects the operations of the year and the financial position of the Company accurately, completely, directly, true and fairly in all respects. In this report, the financial position is assessed in accordance with the Company's financial statements. The annual report shall also clearly indicate the details about the Company's development and risks that might be encountered. The assessment of the Board of Directors on these matters is included in the report.



c. The annual report also includes the matters below:

- Significant events occurred in the Company after the reporting period,
- The Company's research and development activities.
- Financial benefits such as wages, premiums and bonuses paid to board members and key management personnel, appropriations, travel, accommodation and representation expenses, benefits in cash and kind, insurance and similar guarantees.

When preparing the annual report, the Board of Directors also considers the secondary legislation arrangements issued by the Ministry of Trade and related institutions.

#### Auditor's Responsibility for the Audit of the Annual Report

Our objective is to express an opinion on whether the financial information included in the annual report in accordance with the TCC and the Communiqué and analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Company are consistent with the audited financial statements of the Company and the information obtained during the audit and give a true and fair view and form a report that includes this opinion.

We conducted our audit in accordance with the standards on auditing issued by the Capital Markets Board of Turkey and Standards on Auditing issued by POA. These standards require compliance with ethical requirements and planning of audit to obtain reasonable assurance on whether the financial information included in the annual report and analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Company are consistent with the financial statements and the information obtained during the audit and provides a fair presentation.

A member firm of KPMG International Cooperative



## Capital and Shareholding Structure

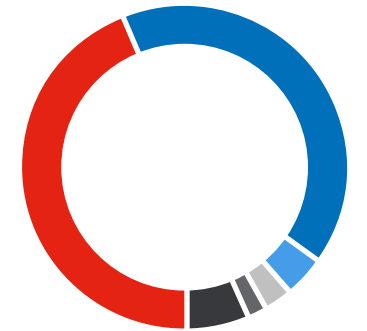
Name / Title of Shareholder	Amount of Share	%
Koç Holding A.Ş.	59,364,947,17	43.7
Temel Ticaret Yat. A.Ş.	4,427,888,60	3.3
Kagome Co Ltd.	5,071,168,20	3.7
Sumitomo Corp.	2,077,983,34	1.5
Other	8,745,168,72	6.4
Public	56,312,843,97	41.4
<b>Total</b>	<b>136,000,000,00</b>	<b>100.0</b>

As of the end of 2020 the upper limit of our company's registered (authorized) capital and the paid-up capital of our company stood at 250,000,000.00 Turkish lira and 136,000,000.00 Turkish lira, respectively, with no changes occurring during the year. Our company has no preferred shares issued.

#### Direct and Indirect Subsidiaries of the Company and its Share Ratios

The company has the following shareholder ratios in its subsidiaries as of December 31, 2020:

Title	31.12.2020
Ram Dış Ticaret A.Ş.	7.5%
Düzye Tüketim Malları Sanayi Pazarlama ve Ticaret A.Ş.ve Ticaret A.Ş.	1.1%



**43.7%**  
Koç Holding A.Ş.

**3.3%**  
Temel Ticaret Yat. A.Ş.

**3.7%**  
Kagome Co Ltd.

**1.5%**  
Sumitomo Corp.

**6.4%**  
Other

**41.4%**  
Public

## Legal Disclosures

### Report on Affiliated Companies, Prepared in Accordance with Article 199 of the Turkish Commercial Code

The Board of Directors of Tat Gıda Sanayi A.Ş. is required by law (Article 199 of Turkish Commercial Code No. 6102 put into effect on July 1, 2012) to prepare a report in the first quarter of its operating year regarding its relations in the prior operating period with its controlling shareholder (parent company) and any of that party's affiliated entities, and to incorporate this report's conclusion into this annual report. The required disclosures regarding the transactions conducted by Tat Gıda Sanayi A.Ş. with its affiliated entities are included in Footnote 28 of the financial report.

In its meeting held on February 19.02. 2020, our company's Board of Directors approved the report disclosing our relationship with our controlling shareholders within the scope of Article 199 of the TCC (Turkish Commercial Code), where the concluding section reads as follows:

"In all the transactions Tat Gıda Sanayi A.Ş. conducted in 2019 with its controlling shareholder and any

of that party's affiliated entities, it has been concluded that, based on the circumstances and conditions known to us at the time of carrying out the transaction or taking or otherwise avoiding the precautions, a proper counter deed/compensation was secured in each of the transactions and there was no need for taking or otherwise avoiding any measures to prevent the company from incurring a loss in such transactions, and there was no need for any compensating counter transaction or measure to be effected."

### Management's Evaluation and Assessment and Factual Observations as to Whether the Company's Capital Has Been Eroded or the Company Has Been Heavily Leveraged

The Risk Management Committee has evaluated whether the company's capital has been eroded within the context of Article 376 of the TCC and it has concluded that the issued capital of Tat Gıda Sanayi A.Ş., which stood at 136 million Turkish lira as of December 31, 2020, continued to preserve its value given the majority equity stake of 704,747,165 Turkish lira owned/held by the controlling shareholder and that the company's debt structure is suitable

for a healthy operation due to the Net Financial Leverage (Debt/Equity) Ratio of 0.26.

### Amendments to the Articles of Association

No amendments were made to the Articles of Association in 2020.

### Changes in Staff and Labor Force

The number of staff as of December 31, 2020 is 849.

The number of staff as of December 31, 2019 is 823.

### Collective Labor Agreement Practices

The 26th Collective Labor Agreement signed on February 11, 2021, between our company and Tekgıda-İş Sendikası (labor union) and entered into force on January 1, 2021, will be effective until December 31, 2022.

### Severance Pay Liability

As of December 31, 2020, our severance pay liability is 11,736,540 Turkish lira. As of December 31, 2019, our severance pay liability is 16,819,694 Turkish lira.

### Compensation and Financial Benefits Provided to the Members of Board of Directors and Senior Executives

Chairman and Members of the Board of Directors are compensated through monthly attendance fees and the company's executive management through monthly remuneration plus a performance-based annual bonus as set forth by the General Meeting of Shareholders. Furthermore, any payments made are disclosed to the public in our footnotes to financial statements.

There are no transactions that would create a conflict of interest due to any company loans or advances given to the Members of our Board of Directors or executives.

The Chairman and Members of the Board of Directors, the General Manager, Assistant General Managers and the Directors who directly report to the General Manager are designated as the senior executives of Tat Gıda.

In 2020, total benefits provided to Tat Gıda's executive managers is 25,888,624 Turkish lira (December 31, 2019: 10,956,551 Turkish lira).

In 2020, Tat Gıda provided benefits in the amount of 25,888,624 Turkish lira (December 31, 2019: 10,956,551 Turkish lira) to its executives. Of this amount, 14,057,600 Turkish lira (December 31, 2019: None) consist of payments made for termination of employment, and the

rest for short term benefits. The total cost born by Tat Gıda was 17,691,957 Turkish lira (December 31, 2019: 8,343,782 Turkish lira) after deducting the cost of services provided by Tat Gıda. Of this amount, 8,180,420 Turkish lira (December 31, 2019: None) consist of payments made for termination of employment.

### Donations and Charitable Contributions and Expenditures on Social Responsibility Projects

A total of 1,765,636 Turkish lira was donated or otherwise paid as a charitable contribution to various social organizations and societies in 2020.

### Other Legal Disclosures

The company has no re-acquired treasury stock.

Our company received no fines of a material nature in 2020 under any special and public audits conducted. Currently, no actions brought against our company is potentially capable of impeding the company's financial standing.

There are no administrative or judicial sanctions imposed on the company or the members of the board of directors on account of practices violating regulatory provisions.

There was no Extraordinary General Meeting of Shareholders convened in 2020. The resolutions adopted the Ordinary General Meeting of

Shareholders held on March 19, 2020, have been implemented.

Pursuant to Articles 395 and 396 of the Turkish Commercial Code, an approval must be sought from the Ordinary General Meeting of Shareholders to authorize any shareholder with a controlling interest, Member of the Board of Directors, Senior Executive as well as their spouses and relatives by blood or marriage (up to the second degree) to engage in any competitive business or to otherwise create a potential conflict of interest with the company and its affiliates.

There are no legislative changes that could significantly affect the company's operations. There are no conflict of interests with institutions that provide services such as ratings.

There is no mutual participation in which the direct participation rate in the capital exceeds 5 percent.

There are no branch organizations.

## Dividend Distribution Policy

Our company pays out dividends to its shareholders in accordance with the relevant provisions of the Turkish Commercial Code, capital markets regulations, tax legislation, and other related rules and regulations, as well as the sections of our Articles of Association regarding dividend payouts. In this respect, our dividend payout policy is balanced and consistent, heeding the interests of both shareholders and the company in line with the Corporate Governance Principles.

According to Article 19 of our Articles of Association, the General Meeting of Shareholders is entitled to adopt a resolution for the distribution of dividends to members of the Board of Directors, employees and workers, foundations established for various purposes, and persons (legal and real) of similar nature, from the profit balances remaining after setting aside 5 percent of the earnings before tax (EBT), as the first legal reserves, as well as the statutory amounts required for financial liabilities and the first dividend stipulated by the Capital Markets Legislation. In this context, holders of founder share certificates are paid an amount equal to 5 percent of the profit balances remaining after deducting 5 percent of the paid-up capital from the statutory basis of the first dividends stipulated by Capital Markets Legislation. As a general principle, 20 percent of the distributable net income (DNI) at the least shall be distributed in the form of cash and/or bonus shares, calculated in accordance with the Capital Markets

Board's communiqués, provided that it is permitted by the relevant regulations and funded through available financial means or otherwise the resources stipulated by our legal records by taking into account our company's long term strategies, investment and financing policies, profitability and cash position.

The General Meeting of Shareholders has the authority to set the dividend payout date, which as a rule should be within one month of the General Meeting of Shareholders at the latest. The General Meeting of Shareholders, or alternatively the Board of Directors if so authorized, may resolve to distribute the dividends in installments in accordance with the regulations of the Capital Markets Board of Turkey. Pursuant to the Company's Articles of Association, the Board of Directors may declare and distribute dividend advances provided it is authorized by the General Meeting of Shareholders and acts in compliance with the regulations of the Capital Markets Board of Turkey.

## Profit Distribution

At the February 12, 2021 Board of Directors meeting, financial statements for the January 1 – December 31, 2020 accounting period, which were prepared by the Tat Gıda Sanayi A.Ş. management in accordance with the Turkish Financial Reporting Standards (TFRS) and audited by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., were reviewed, accepted, and found suitable for submission to the General Meeting of Shareholders.

After review of the financial statements and the financial reports of Tat Gıda Sanayi A.Ş., which were obtained from the records maintained in accordance with the provisions of Tax Procedure Law (TPL);

Net profit for the period was posted as 167,274,341.00 Turkish lira as per the financial statements that were prepared in accordance with the TFRS, and the current year profit was reported as 156,413,605.58 Turkish lira as per the Tax Procedure Law (TPL). Accordingly, it was decided;

a. Not to set aside the 5-percent general statutory reserves, which is a requirement as per Article 519 of the Turkish Commercial Code, for 2020, on the account that the current general statutory reserves have reached the 20-percent limit in the TPL records as of December 12, 2020.

Net profit for the period was posted as 167,274,341.00 Turkish lira as per the financial statements prepared in accordance with the TFRS. Dividend basis was 169,039,976.93 Turkish lira after adding the donations of 1,765,635.93 Turkish lira.

Distributable net profit for the period reached 156,413,605.58 Turkish lira as per

the financial statements based on the TPL records.

b. The dividend distribution shall be as follows in accordance with the Capital Markets Legislation, Article 19 of the Company's Articles of Association, and the Company's Dividend Distribution Policy that was approved by the shareholders at the General Meeting of Shareholders on March 19, 2020, as well as with the long-term strategies, investment and financing policies, profitability and cash position of our Company:

Shareholders and founder share certificate holders to receive 33,807,995.39 Turkish lira and 8,111,998.85 Turkish lira of first dividend and dividend, respectively; Shareholders to receive 192,004.61 Turkish lira of second dividend and 3,531,199.88 Turkish lira of secondary legal reserve.

c. Pay all in cash the first and second dividends of 34,000,000.00 Turkish lira to the shareholders and 8,111,998.85 million Turkish lira to the founder share certificate holders;

d. If the aforementioned dividend distribution proposal is approved by the General Meeting of Shareholders, then based on our records that are prepared in accordance with the TPL, the 2nd tranche of general statutory reserves of 3,531,199.88 Turkish lira, the dividend total of 34 million Turkish lira to be paid to the shareholders and the whole sum of 8,111,998.85 Turkish lira to be paid to the founder share certificate holders, shall all be funded through the current period earnings;

e. Set aside special reserves of 39,397,245.85 Turkish lira, which is 50 percent of the profits from the tangible fixed asset sales after deducting a) the dividends paid to shareholders and to the founder share certificate holders from the net income for the current period based on the TPL records and b) the allocated 1st and the 2nd tranches of general statutory reserves; and set aside extraordinary reserves of 71,373,161.00 Turkish lira; and allocate special reserves of 39,397,245.85 Turkish lira, which is 50 percent of the profits from the sale of tangible fixed assets based on the TPL records according to the sum in the financial statements that are prepared in accordance with the TFRS, and extraordinary reserves of 82,233,896.42 Turkish lira;

f. Pay to the shareholders who are either a fully-liable resident taxpayer or otherwise a limited liability taxpayer generating dividends through a resident business or a permanent representation in Turkey, a gross = net cash dividend of 25 percent for each 1.00 Turkish lira par value share and 0.25 Turkish lira for each 100 share at 1 Turkish lira par value; Pay to the other shareholders a gross cash dividend of 25 percent for each 1.00 Turkish lira par value share and 0.25 Turkish lira for each 100 share at 1 Turkish lira par value; corresponding to a net cash dividend of 21.25 percent and 21.25 Turkish lira, respectively;

g. Set the dividend distribution date as March 26, 2021;

Submit the proposal for approval at the Company's Ordinary General Shareholders Meeting on March 19, 2021.

## AMENDMENT PROPOSAL FOR ARTICLE 6 OF TAT GIDA SANAYİ A.Ş.

### PREVIOUS DRAFT

#### ARTICLE 6 : CAPITAL

The Company has approved the registered capital system in accordance with the Capital Markets Law provisions and adopted the system as per the Capital Markets Board's Permit No. 454 dated August 20, 1992.

The Company's registered capital is 250 million (two hundred and fifty million) Turkish lira. The capital is divided up to 25 billion (twenty five billion) shares with each share in the value of 1 (one) kurus.

The registered capital ceiling granted by the Capital Markets Board is valid for a period of 5 (five) years between 2017 and 2021. Even if the granted registered capital ceiling is not reached by the end of 2021, in order for the Board of Directors to resolve to increase the capital after 2021, it shall seek approval from the General Assembly for a new period by

obtaining permission from the Capital Markets Board for a previously granted or a new ceiling amount. The Company's Board of Directors cannot resolve to increase the capital in the absence of this permission.

The Company's issued capital is 136 million (one hundred and thirty six million) Turkish lira. The capital is divided up to 13,600,000,000 (thirteen billion and six hundred million) shares with each of the registered shares in the value of 1 (one) kurus. All of the Company's issued capital of 136,000,000 Turkish lira have been pledged by the partners and paid free of collusion.

The Board of Directors is authorized to increase the issued capital by issuing registered shares that are each worth 1 (one) kurus without exceeding the aforementioned registered capital ceiling between 2017 and 2021. The sum shall be paid in cash and in advance in the case of shares that are issued as

a requirement arising from the Capital Markets Board regulations. No new shares may be issued unless all of the issued shares have been sold and paid off.

In deciding to issue new shares, the Board of Directors may issue shares above the nominal value (premium share) and restrict the current shareholders from acquiring new shares.

The Company's shares are registered to the name of the owner. The records for the shares that represent the capital shall be kept in accordance with the dematerialization principles.

For the companies that fall under the Foreign Direct Investment Law No. 4875, a 5.26-percent share shall belong to foreign shareholders. Foreign shareholders shall participate to capital increases based on the this percentage. Distribution of shares between national and foreign shareholders:

Shareholders	Number of Registered Shares	Total Amount (TL)	Share (%)
1- Foreign Shareholders			
-Kagome Co.Ltd.	507,116,820	5,071,168,20	3.73
-Sumitomo Corp.	207,798,334	2,077,983,34	1.53
2-Other	12,885,084,846	128,850,848,46	94.74
<b>Total</b>	<b>13,600,000,000</b>	<b>136,000,000,00</b>	<b>100.00</b>

### NEW DRAFT

#### ARTICLE 6 : CAPITAL

The Company has approved the registered capital system in accordance with the Capital Markets Law provisions and adopted the system as per the Capital Markets Board's Permit No. 454 dated August 20, 1992.

The Company's registered capital is 250 million (two hundred and fifty million) Turkish lira. The capital is divided up to 25 billion (twenty five billion) shares with each share in the value of 1 (one) kurus. The registered capital ceiling granted by the Capital Markets Board is valid for a period of 5 (five) years between 2021 and 2025. Even if the granted registered capital ceiling is not reached by the end of 2025, in order for the Board of Directors to resolve to increase the capital after 2025, it shall seek approval from the General Assembly for a new period by obtaining permission from the Capital

Markets Board for a previously granted or a new ceiling amount. The Company's Board of Directors cannot resolve to increase the capital in the absence of this permission.

The Company's issued capital is 136 million (one hundred and thirty six million) Turkish lira. The capital is divided up to 13,600,000,000 (thirteen billion and six hundred million) shares with each of the registered shares in the value of 1 (one) kurus. All of the Company's issued capital of 136,000,000 Turkish lira have been pledged by the partners and paid free of collusion.

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Markets Board regulations. No new shares may be issued unless all of the issued shares have been sold and paid off.

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<b>Total</b>	<b>13,600,000,000</b>	<b>136,000,000,00</b>	<b>100.00</b>



## MANAGEMENT AND REVIEWS



**TAT GIDA LEADING THE SECTOR WITH ITS SUCCESSFUL OPERATIONS STRENGTHENS ITS POSITION BOTH IN TURKEY & ABROAD, INCREASES SALES VOLUMES & PURSUES PROFITABLE AND SUSTAINABLE GROWTH IN 2020.**

## General Manager's Message



Oğuz Aldemir  
General Manager

Tat Gıda pursues a responsible business attitude as one of Turkey's leading food companies and fulfills its goals successfully despite all the challenges & pandemic difficulties.

### Dear Shareholders and Stakeholders,

In 2020, we got accustomed to new ways of doing business, learned to adjust our habits and expectations, due to pandemia. We managed to adopt to change swiftly, thanks to our strong know-how, the technologies we apply, and reliable relationship with internal & external stakeholders. It was crucial to move ahead with the right business models in a turbulent year when self-sufficiency became vital for both businesses and countries. The whole world has come to understand the strategic importance of food sustainability while putting up a fight against the pandemic. The challenges set out for the food industry as well as for all the other industries have forced us to work harder than ever. During these difficult times, we put the highest priority on listening to consumers' expectations, standing by the farmers, and protecting the well-being of our employees. Despite the adversities, we remained as one of Turkey's biggest food companies and finished the year at the top in our business categories.

We conducted research and development to meet consumer expectations, while constantly providing healthy and delicious flavors on the tables. The Company posted a turnover of 803 million Turkish lira in the tomato, tomato paste

and canned goods business, and 694 million Turkish lira in the milk and dairy category with constant growth in line with our efforts in 2020. Tat Gıda reported 167 million Turkish lira of net profit for the period with a net profit of 71 million Turkish lira in tomato, tomato paste and canned goods category - our main line of business. In 2020, the Company made a profit of 72 million Turkish lira from sales of real estate and other assets in the pasta and bakery products business line under the "discontinued operations" category, as well as 24 million Turkish lira from the milk and dairy products category. The Company signed a contract on January 2021 for the sale of all assets in the milk and dairy business category as part of the long-term growth plan by focusing on the tomato, tomato paste and canned goods category, which is the main area of business with a larger share in total profitability.

Despite grueling market conditions, Tat Gıda remained at the top in 2020 with revenue shares of 61% in Tomato, 35% in Tomato Paste, 26% in Ketchup, and 23% in Pickle categories. The pandemic has also changed consumption habits, shopping routines and sales channel preferences. Curfew restrictions and calls to stay at home caused to increase the time spent in kitchens with considerable shrinkage for HORECA channel. In parallel with the rising demand for food products, Tat Gıda has grown in all product groups, especially achieved more than 50% rise in ready-meal & pickle categories which are providing functional benefits as well as delicious flavors for consumers. In the same period, physical store habits slowly made way for online stores and applications. This trend skyrocketed the volume of e-commerce by five fold.

In 2020, we maintained competitiveness in our business markets while exporting to 37

countries and stepping up overseas revenues by 131 percent to 217 million Turkish lira. The Company introduced six new export markets in Palestine, Romania, Ukraine, Umman and Italy while achieving new feats with contracts, particularly in the Iraq and Europe markets during the pandemic. We established ourselves in the lives of consumers not only with product sales, but also with social media and advertising campaigns in these regions.

For Tat, Gıda, "A healthy company begins with healthy employees. In the same token, the Company treats well-being of the society as its own." We listened to the expectations and needs of our colleagues at the plants, offices and on the field, then managed the whole process together. We carefully fulfilled our responsibility to meet our society's need and demand for food products. Our employees have been provided with custom-made protective equipment to ensure their safety as this is one of our biggest priorities. During the initial days of the pandemic, we made sure that consumers had access to our products without any interruption, thanks to good coordination and planning.

Production at Turkey's pioneering and leading industry brands TAT and SEK plants continued without any compromise on occupational health and safety, and quality and hygiene standards. We are the first company in the industry to receive the "COVID-19 Safe Production Certificate" that is awarded by the Turkish Standards Institution (TSE) experts to qualifying companies that take the necessary preventive measures at industrial plants.

In the days of the pandemic, we haven't overlooked the farmers, our most important stakeholders. We moved to an earlier date the advance payment provided as part of the contract agriculture practice and increased the current payment amount by 30 percent to 23 million Turkish lira. As always, we collaborate with our farming partners to ensure agricultural sustainability. In addition to advance payment, we also provide our farmers with seeds, seedlings, fertilizers as well as offer consultancy support.

Along with Türk Traktör, we launched an hygiene program to care for the seasonal workers who perform agricultural work for the farmers working under contract with us. Hygiene conditions have become ever so important during these time. As such, we placed showers and toilet cabins at 10 different locations, and used our hygiene material kits to give hygiene training with the help of the local health authority, delivering information about the pandemic and improving the living areas of the seasonal workers who perform services for nearly 500 farmers.

While working tirelessly to ensure all consumers have access to healthy and delicious products, we donated goods to underprivileged citizens through collaborations with various institutions and organizations, as well as placing them on market shelves. We donated 250,000 of our goods to the underprivileged through institutions such as the Governorship of Istanbul, Istanbul Metropolitan Municipality, Kadıköy Municipality, and El Ele Association. In partnership with Divan and Getir, we also shared goods with our health staff who have never stopped working during these difficult times.

The third "Digital Agriculture Day" was held at the Bursa Çeltikçi farm land. The initiative has grown into an ecosystem day in digital transformation of agriculture to cultivate tomato paste. The event took place with participation of over 100 farming and solution partners and 14 companies, drawing a great crowd from farmers, as well as from solution partners working in areas such as smart agriculture technologies, agricultural inputs. At the "Digital Agriculture Day," business partners offered digital technology and agricultural input solutions and explained more than 25 agricultural solutions to the farmers, covering analytics, process automation and mechanization. Meantime, the farmers had the opportunity to get a close look at the prominent digital solutions and approaches in quality, production efficiency and cost improvement. Furthermore, we have carried out 25 sustainable agriculture projects in the past three years with the Tat R&D Center and took part in domestic and international congresses with 6

different studies in 2020. We are determined to lead the way in the industry by introducing solutions that support enhanced communication and more growth for farmers.

Tat Gıda was well rewarded for its initiatives and successful efforts in 2020. We are highly motivated for being awarded the industry's coveted prizes as a result of our sustainability endeavors. By the Environmental Protection and Packaging Waste Recovery and Recycling Foundation (ÇEVKO), we received an award for the "Zero Waste and Single-Use Plastic Process" project in the Large Enterprises category and for the "Digital Transformation in Tomato Agriculture" project in the "Supply Chain Management" category at the Sustainable Business Awards that recognize change-driving major projects.

Consumers expect their favorite brands to offer tasty and easy-to-use products while adopting eco-friendly production processes. For many years, we have been producing by taking proactive steps to preserve the soil, develop sustainable agriculture practices and educate our farmers on modern farming. As a company that places emphasis on utilizing science in agriculture, farmers remain foremost in our actions as we seek to enhance soil productivity and develop irrigation solutions. Tat Gıda pursues a responsible business attitude as one of Turkey's leading food companies and fulfills its goals successfully despite all the challenges & pandemic difficulties. In the coming days, we strive to accomplish new feats with further innovative products and bold initiatives, and push on with a profitable growth strategy at home and abroad while pursuing new investment opportunities with the Tat brand. I would like to extend my heartfelt gratitude and thanks, first and foremost, to our precious employees, who work with great dedication while adopting to a changing world, to our shareholders and partners for their endless support on this journey, and to our consumers for their inputs for us to achieve the best.

Best Regards

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## Board of Directors



**Semahat S. Arsel**  
Chairman

She began her career in 1964 as a Member of the Board of Directors of Koç Holding, a position she continues to hold. In addition, she is Chairman of the Board of Directors of Vehbi Koç Foundation and the Divan Group, President of the Semahat S. Arsel Nursing Education and Research Center and Founder of the Koç University School of Nursing. She also serves as Member of the Board of Directors of other Koç Group companies. She is member of the Board of Trustees of the Educational Volunteers Foundation of Turkey (TEGV). Semahat S. Arsel has received an "Honorary Doctorate" degree from Istanbul University.



**Rahmi M. Koç**  
Vice Chairman

A graduate of Johns Hopkins University in Business Administration, he joined the Koç Group in 1958 at Otokoç. He became Chairman of the Management Committee in 1980 and was named Chairman of the Board of Directors of Koç Holding in 1984, a post he held until 2003 when he became the Honorary Chairman. Apart from Koç Holding, he also serves as a Member / Chairman of the Board of Directors of other Koç Group companies. In addition, Rahmi M. Koç is or has been affiliated with philanthropic, social and professional organizations including: Vice Chairman of the Board of Trustees of Vehbi Koç Foundation, Honorary Chairman of the Board of Trustees of Koç University, Founder and Chairman of the Board of Directors of the Rahmi M. Koç Museum and Cultural Foundation, Chairman of the Board of Directors of the Vehbi Koç Foundation American Hospital, Honorary Chairman and Founding Member of TURMEPA, Honorary Chairman of the Advisory Board of the Turkish Industrial and Business Association (TÜSİAD), Member of the Advisory Board of the Turkish Employers Association, Founding Chairman of the Global Relations Forum, Former President of the International Chamber of Commerce (1.1.1995-31.12.1996), The Metropolitan Museum of Art, New York City, Honorary Trustee, Co-Chairman of the Business Advisory Council for South East Europe (BAC SEE), Former President of the Turkish Greek Business Council (1992-1999), Former Member of the Allianz Aktiengesellschaft International Advisory Board, Former Member of the JP Morgan International Council, Former Member of the International Advisory Board of the US Council on Foreign Relations Foreign Relations and Former member of the JP Morgan International Council.. On May 23, 2019, Rahmi M. Koç was awarded with the medal of Foreign Policy Association (FPA), globally recognized think-tank with its 100-year history.



**Ömer M. Koç**  
Member

He received his B.A. degree from Columbia University in 1985. He worked at Kofisa Trading for one year. He completed his MBA at Columbia University in 1989. After working at Ramerica International Inc., he joined Koç Group in 1990. He held various senior positions at Koç Holding including Finance Coordinator, Vice President and President of Energy Group. He became member of Board of Directors in 2004 and Vice Chairman in May 2008. On February 22, 2016, he was appointed as the Chairman of Koç Holding. He is also Chairman of Turkish Educational Foundation Board of Trustees, President of Geyre Foundation and Chairman of Yapı Kredi Kültür Sanat Yayıncılık Board of Directors and Tüpraş Board of Directors. On April 6, 2017, he was appointed as the Chairman of Tofaş.



**Ali Y. Koç**  
Member

Mr. Ali Y. Koç received his bachelor's degree at Management Faculty of Rice University. He earned an MBA from Harvard Business School. He started his career at American Express Bank as a Management Trainee and continued as an Investment Analyst at Morgan Stanley Investment Bank. Mr. Ali Y. Koç joined Koç Holding in 1997 and held senior-level positions until 2010 including new business development and information technologies. He was the President of Corporate Communications and IT Group. He served as a Board Member at Koç Holding for over 8 years. In addition, he was elected as Vice Chairman on February 2016. Mr. Ali Y. Koç serves as Chairman of the Board of Koç Financial Services and Yapı Kredi Bank since 1 April 2016. Currently, Ali Y. Koç is the Chairman of Ark İnşaat, Bilkom, Digital Panorama, Ford Otosan, Koç Information and Defence Technologies, Koç Sistem, Koçtaş, Otokar, Otokoç, Setur. In addition to being Chairman and Vice Chairman at Turkey's biggest companies and financial institutions, Ali Y. Koç also contributes to country's social and economic development and currently is the President of Fenerbahçe Sports Club. He is a Board Member at the National Competition Research Association (URAK), Board Member at ECA (European Club Association), and Endeavor Association, a member of the Global Advisory Council of Bank of America, Harvard University and Council on Foreign Relations. He is also a member of Panel of Senior Advisers at Chatham House and recently joined Trade and Investment Council at the Confederation of British Industry.



**Caroline N. Koç**  
Member

After graduating from high school at Switzerland's St. George's School, Ms. Koç went on to receive a Bachelor's degree in Business Administration from Babson College, USA. She is fluent in English, Turkish, French, Italian and Swedish. Ms. Koç started her professional career in 1992 at Edwards of Hisar, where she acted as the managing director until 1998. Subsequently, she founded "İlkadım Play and Education Center for Kids" in 1998. She was the acting manager of the Center until 2003. She founded "Haremliques Istanbul" in 2008 and "Selamlıque Turkish Coffee" in 2009 and is currently the Chairwoman of the Board of Directors of both companies. In addition, she is a Member of the Board of Directors of several Koç Group companies. She is a Member of the Board of Directors of Tohum Autism Foundation, a Founding Member of Tina Foundation as well as the Contemporary Education Foundation. She has been a Member of Koç Holding Board of Directors since 2016.



**Levent Çakıroğlu**  
Member

Born in 1967 in Ankara, Levent Çakıroğlu graduated from Ankara University Faculty of Political Sciences, Business Administration Department and received his master's degree from University of Illinois. He started his career as an Assistant Auditor at the Ministry of Finance in 1988, where he worked as a Senior Auditor between 1991 and 1997. He was appointed as Assistant Manager of Financial Crimes Investigation Board between 1997 and 1998, meanwhile he taught as Part Time Instructor at Bilkent University. Çakıroğlu, joined Koç Group in 1998 as Koç Holding Financial Group Coordinator. He was the General Manager of Koçtaş between 2002-2007 and the CEO of Migros between 2007-2008. He has been assigned as the CEO of Arçelik since 2008 and has been the President of the Durable Goods Group of Koç Holding A.Ş. since April 2010. Çakıroğlu has been appointed as the CEO of Koç Holding A.Ş. at April, 2015. He currently serves as the CEO and Board Member of Koç Holding A.Ş. since April 2016.



## Board of Directors



**Tamer Haşımoğlu**  
Member

He graduated from Istanbul Technical University in Mechanical Engineering and earned a Master's degree in International Business from Istanbul University, Institute of Business Administration and Economics. He started his career in 1989 at Koç Holding as a Management Trainee in the Planning Department and later became Specialist, Manager and Coordinator of the Strategic Planning Department. He was appointed Koç Holding Strategic Planning Group Acting President in January 2004 and he served as the President of Strategic Planning Group between May 2004 and April 2011. He has been serving as the President of Tourism, Food and Retailing Group at Koç Holding since April 2011. He serves as a Board member of some Koç Group companies and is a member of TÜSIAD, member of the Tourism Investors' Organization (TYD), member of the Board of İMEAK Chamber of Shipping and Hisar Educational Foundation (HEV).



**Fatma Füsün Akkal Bozok**  
Member

Graduated from Business Administration at Istanbul University, Fatma Füsün Akkal Bozok holds an MBA from Boğaziçi University and a PhD in Business Administration from Istanbul University. In 1980, she embarked on her career at Arthur Andersen and served as an Auditor in the Internal Audit Department of Koç Holding between 1983-1992. From 1992 to 2003, Bozok worked as an Audit Coordinator and was appointed as Finance Director in 2003. Bozok also served as a Project Manager between 1995 and 1996 under Koç Group's MIS Project. Bozok continued her career as a faculty member teaching IT Audit and International Accounting courses at Koç University from 2006 to 2008. Since 2008, she has been a faculty member at Sabancı University teaching International Finance and Auditing courses. From 2004 to 2019 she was appointed as a Board Member at Yapı Kredi Bank. She has also been serving as a Board Member at Akış GYO and Bizim Toptan since 2017, and at Tat Gıda, İzocam and Ford Otosan since 2018. Bozok also holds Credit Rating, Corporate Governance Rating, and Advanced Derivative Instruments licenses from the Capital Markets Board of Turkey.



**Sait Tosyalı**  
Member

Sait Tosyalı started his high school education at Tarsus American College and graduated from Columba High School, Texas-USA, where he attended as an AFS exchange student. He holds an MSc in Industrial Engineering and an MBA from Boğaziçi University. Tosyalı then joined Koç Holding and specialized in Strategic Planning and Project Management. He was involved in the feasibility, tender and management processes of the privatization, growth and company acquisition projects carried out by the Consumer Durables Group in line with the strategies of Koç Holding. He served in executive positions in companies with foreign shareholders established to operate in the packaging and real estate industries. Tosyalı acted as General Manager in Consumer Durables, Energy and Construction companies of the Group and managed the Turkey, Kazakhstan and Jordan operations of Linde Group, a German industrial gas manufacturer. Immersed in different cultures, he has also taken part in merging and management of multinational and cross-border companies. He served as the Vice Chairman and Managing Director of Linde Gaz A.Ş. Since September 2017, Sait Tosyalı has been the General Manager of the Educational Volunteers Foundation of Turkey. He is also a Member to the Board of Trustees at the Health and Education Foundation, where he previously served as a Member of the Board of Directors and Chairman of the Supervisory Board. Tosyalı is an Independent Board Member at Tat Gıda Sanayi A.Ş. since 2018, and Yapı Kredi Koray GYO A.Ş. He is married with one child.



**Takashi Hashimoto**  
Member

Mr. Takashi Hashimoto holds a Master's degree in Agricultural Sciences from the Gifu University, Japan. He joined Kagome Co. Ltd in April 1983, and started working as the Plant Manager of the Kagome Shizuoka Plant in April 2001 and of the Kagome Kozakai Plant in April 2003. In April 2005, he was appointed as the General Manager of the Production Technology Department and became the General Manager of the Production and Purchasing Planning Department in October 2008. He then went on to be the General Manager of the Corporate Planning Department in April 2012. In April 2013, Mr. Hashimoto became an Executive Board Member of Kagome Co. Ltd. As of October 2017, Mr. Takashi Hashimoto has been an Executive Officer Division Director of Production and Purchasing Division.



**Arzu Aslan Kesimer**  
Member

Arzu Aslan Kesimer received her degree in Economics (in English) from Marmara University and completed her postgraduate studies in Economics at Boğaziçi University, Faculty of Social Sciences. Having started her career at Marmara Bank in 1992, she joined Koç Group at Koçtaş Yapı Marketleri A.Ş. in 1995, where she worked as Marketing Manager, Marketing and Store Planning Director until 2010. From 2010 to 2011, she served as Assistant General Manager of Commerce at Koçtaş Yapı Marketleri A.Ş. From November 2011 to September 2020 she served as General Manager of Tat Gıda Sanayi A.Ş. She has also been serving as a Board Member at Tat Gıda Sanayi A.Ş. and Düzey A.Ş. Arzu Aslan Kesimer is a Founder Member and Vice Chair of Women in Board of Directors Association. Mrs. Kesimer is also a member of the TOBB Women Entrepreneurs Board, Turkish Industry and Business Association (TÜSIAD), ISO Assembly and President of the Professional Committee.

## Executive Management



**Oğuz Aldemir**  
General Manager



**Başak Tekin Özden**  
Assistant General Manager  
Finance and Accounting



**Hakan Turan**  
Assistant General Manager  
Production



**Kasia Özgen**  
Assistant General Manager  
Marketing and Commerce



**Sertaç Erenmemişoğlu**  
Director  
Human Resources

### Oğuz Aldemir General Manager

Oğuz Aldemir graduated from Ankara University, Faculty of Political Science, Department of Business Administration. In 2007, he received management training at London Campus of Chicago GSB University. Starting his professional carrier at Procter&Gamble, Department of Sales and Marketing in 1993, Aldemir joined Coca-Cola in 1997 and served in this company for 12 years as Manager of Chain Stores, Trade Director of Ukraine, Turkey Sales Director, Azerbaijan General Manager and President of Central Asia, respectively. In 2009, he joined Mey İçki as Executive Committee Member and Director of Sales and Distribution and in 2011, he took an active role in selling the company from TPG to Diageo. Aldemir joined Yıldız Holding in 2013 and served as the Manager of the Processed Meat, Frozen Food and Personal Care Products Group. He also fulfilled his duty as a Board Member. Oğuz Aldemir has been serving as General Manager of Tat Gıda Sanayi A.Ş. since September 2020.

### Hakan Turan Assistant General Manager Production

Hakan Turan received his degree in Mechanical Engineering from Istanbul Technical University and completed MSc in Mechanical Engineering from Boğaziçi University. He started his career at Arçelik A.Ş. in 1991, where he worked as Project Engineer, Production Team Leader and Production Manager in the Washing Machine Plant and as Business Manager and Product Director in the Electrical Engine Plant until 2008. He then served as Consumer Services Director from 2008 to 2012 at Arçelik A.Ş. Since May 7, 2012 he has been serving as Assistant General Manager of Production at Tat Gıda Sanayi A.Ş.

### Başak Tekin Özden Assistant General Manager Finance and Accounting

Başak Tekin Özden graduated from the Department of Mechanical Engineering at METU and completed her MBA at Bilkent University. After starting her career at Koç Holding as a trainee in 1999, she commenced work as the Strategic Planning Expert and Manager. Between 2009–2012, she worked at Tofaş Türk Otomobil Fabrikası A.Ş. as the Strategic Planning and Business Development Manager; as the Strategic Planning, Business Development and Foreign Trade Manager; and then as the Budget, Planning and Commerce Control Manager. Between 2012–2019, she has served as the Corporate Affairs Coordinator at Koç Holding A.Ş. Since February 1, 2019 she has continued her role as the Assistant General Manager of Finance and Accounting at Tat Gıda Sanayi A.Ş.

### Sertaç Erenmemişoğlu Director Human Resources

Sertaç Erenmemişoğlu received his degree in Industrial Engineering from Istanbul Technical University and completed his graduate studies in Management Engineering at the same university. He began his career as a Management Trainee at Koç Holding in 1995, where he later worked as Human Resources Specialist and Project Manager until 2003. After working as Human Resources Manager at Opet Petrolcülük A.Ş. from 2003 to 2009, he acted as Human Resources Coordinator at Koç Holding from 2009 to 2014. He has been Human Resources Director at Tat Gıda A.Ş. since 13 January 2014. Sertaç Erenmemişoğlu resigned from his position on 31.12.2020.

### Kasia Özgen Assistant General Manager Marketing and Commerce

Kasia Özgen graduated from the Department of Economics at METU. She began her career as an Internal Audit Expert at Eximbank. She worked as a Corporate Marketing Officer at Garanti Bankası from 1993–1996, as a Brand and Marketing Manager at Unilever from 1996–2003, and as the Marketing Director at Tat Gıda from 2003–2008. From 2008–2015, she worked at Unilever successively as the Marketing Director of Turkey, Regional (North Africa, Middle East, Israel, Turkey) Brand Development Director, and Global Marketing Director. From 2015–2016, she worked at Süttaş as the Vice President responsible for Marketing and, between 2016–2019, she worked at Anadolu Efes as the Marketing Director of Turkey and Global Marketing Director, respectively. Since May 2, 2019, she has served as the Assistant General Manager of Marketing and Commerce at Tat Gıda Sanayi A.Ş. Özgen is a member of the Woman on Board Association Turkey, and a graduate of the third term.

## Independency Declaration

I hereby declare that I'm a candidate for taking office as the "independent member" at Board of Directors of Tat Gıda Sanayi A.Ş. (The Company) under the criteria stipulated by the regulations, articles of association and Corporate Governance Communique of the Capital Markets Board and within this scope,

a) Within the last five years, there hasn't been any employment relation in executive position bearing material duties and responsibilities between me, my spouse and blood or other relatives up to the second degree and the Company, any of the affiliates, in which the Company control or materially effects the control and the partners controlling the management of the Company or the legal persons, the managements of which are controlled by the shareholders; that I neither hold, either jointly or individually, more than 5 % of the capital or voting rights or privileged shares, nor have established any material commercial relations with them,

b) Within the last five years, I haven't been partners (5% or more), worked at or carried out duty in executive position bearing material duties and responsibilities or as the Board Member of companies, especially in the companies which carry out the auditing (including tax audit, legal audit and internal audit), evaluation and consultancy of the company and

from which the company purchases significant quantities of services or goods under the agreements made, during the periods when such services and goods purchasing took place,

c) I have professional training, knowledge and experience in order to duly perform the duties that I shall undertake as an Independent Board Member.

ç) I will not work full time at public and private institutions, excluding working as lecturer at the university according to the legislation, after I'm selected as the member.

d) I am deemed to reside in Turkey pursuant to the Income Tax Law (ITL) dated 31/12/1960 and with the number 193,

e) I have the strong ethical standards, professional prestige and experience that can make positive contribution to the company's operations, retain my objectivity in case of any interest disagreements between the company's partners and freely take resolution in consideration of the rights of the stake holders.

f) I can allocate time sufficient for following the progress of the company's operation and in a manner that is suitable for fully performing the duties undertaken,

g) I haven't carried out duty as the member of the Company for a period of more than 6 years within the last ten years,

ğ) I am not carrying out duty as independent board member of more than three companies held by the partners controlling or holding the management control of the Company and in total, not carrying out duty as independent board member of more than five companies quoted in stock exchange,

h) I haven't been registered and announced on behalf of the legal entity, who has been appointed as the Board member.

### M. SAİT TOSYALI



## Independency Declaration

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### F. FÜSUN AKKAL BOZOK





## TAT GIDA IN 2020



**TAT GIDA OFFERS DELICIOUS AND HEALTHY PRODUCTS THROUGH CAREFUL AND PRECISE PRODUCTION, AND CONTINUES PRODUCT DEVELOPMENT PROCESS AND R&D INVESTMENT TO MEET CONSUMERS' EXPECTATIONS.**

## Real Flavors Under Our Protection!

In a year of unprecedented events, Tat Gıda resolutely provided consumers with new products while ensuring sustainability by standing by the farmers. The result has been market leadership in many categories, with significant export initiatives.

Tat Gıda was established in 1967 with the vision of bringing the Turkish Canned Goods industry up to par for competition with the rest of the world by improving tomato cultivation. The passion still lives on 53 years later. The leading brand in the tomato, tomato paste and ketchup markets, the Company receives the greatest support from the farmer who cultivate Turkey's best tomatoes for Tat Gıda. Responsible tomato production is made possible with the dedication and support of Tat's expert agricultural team of engineers and technicians along with more than 1,000 farmers, 600 of whom grow tomatoes under contract. Tat maintained its leadership, putting up a robust performance in 2020 with revenue shares of 61 percent in tomato,

35 percent in tomato paste, 26 percent in ketchup, and 23 percent in pickle products.

### Pioneer in Agricultural Digitalization

Tat Gıda kept its focus on digitalization and productivity in 2020 while also introducing the industry's first-ever "Tomato Leaders Project" on its "Tomato Quest," relying on the hard work of thousands of farmers from three generations. The Company spearheads the industry with agricultural operations on a 2,100-decare digital farming land created for cultivation of better quality tomatoes more productively.

Digital agriculture technology investments will remain a part of the



### PRODUCT GROUPS

- Tomato Paste
- Tomato Products
- Sauces (Ketchup, Mayonnaise, Mustard and Condiments)
- Organic Products
- Vegetable Products
- Boiled Products
- Ready Foods
- Delicatessen
- Pickles
- Jams



Company's strategy in the coming years. A big part of the investment will involve automatic data collection from the farm lands, and then analysis of the data in relation to productivity and quality. Investment plans are in the works to revamp all business processes through the digitalization concept.

### Tat Stands By Farmers

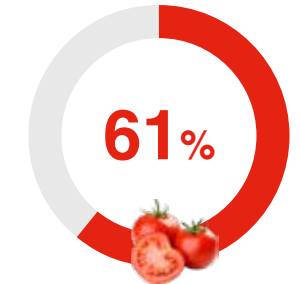
Tat intensified the hygiene standards and measures at production plants to protect the health of its employees and society alike during the pandemic. These efforts culminated in becoming the first-ever brand to receive the TSE COVID-19 Safe Production Certification in the industry.

Tat always supports its farmers for sustainable agriculture. As such, it spared no effort for them and for agriculture by offering a "Support Package" in addition to the purchase guarantee at a time when the pandemic is creating havoc in Turkey. The Company raised the total advance payment by 30 percent to 23 million

Turkish lira in 2020 year-on-year, while also offering purchase guarantee for the production of contract farmers. The farmer support package comprises of seed, seedling, agricultural fertilizer and other irrigation materials, as well as advance payment to accomplish sustainability in agriculture. The amount of fertilizer provided as part of the support package is raised almost 40 percent in comparison to last year to ensure that nearly all of the contract farmers received assistance.



Scan the QR code to watch the Summer Tomatos film.



Market leader in tomato products in terms of share of sales



Market leader in the tomato paste category in term of share of sales



Market leader in the ketchup category in terms of share of sales



Market leader in the pickle category in terms of share of sales



**In 2020, Tat remained a pioneer with present and new products both.**

During these critical days of the COVID-19 pandemic, we collaborated with Türk Traktör to launch an "Hygiene Project" to improve the living conditions and raise awareness on protection against the coronavirus for the seasonal workers who perform planting, hoeing and harvesting work. As part of the Project, Tat and Türk Traktör placed portable showers and toilets at 10 different location where the seasonal agricultural workers stay while working for nearly 500 contract farmers in Bursa and Izmir. Seasonal workers are also provided with a box filled with essential hygiene materials such as glove, mask, soap, and shampoo.

In addition, "Awareness-Raising Activities" helped explain the ways for protection from the coronavirus. Health staff talked to the contract farmers and seasonal agricultural workers about the disease and how to protect themselves from it. We also provided body thermometers for daily controls as an added measure to awareness efforts.

#### A Brand of Constant Innovation

In 2020, Tat remained a pioneer with present and new products both.

Tat also produced the first tomato products in glass jars in Turkey. The Company spearheaded the first-ever diced tomato and peeled tomato production, as well as the very first mayonnaise and ketchup in a glass jar, and tomato and red pepper paste mixture.

"Tat Organic Ketchup" is the latest addition to the expanded organic products range that includes "Tat Organic Grated Tomato," "Tat Organic Diced Tomato," "Tat Organic Tomato Paste," and "Tat Organic Red Pepper Paste," all produced from organic tomatoes and red peppers that are cultivated and picked seasonally in the Aegean region.

Tat Gıda has broadened its shelf presence by venturing into new categories such as Pasta Sauces, Warm-n-Drink Gourmet Soup.

2020 was a year with compelling public relations exploits about new product releases. "Look at the Future with Hope, Always with the Same Taste" film got aired in April when the pandemic was taking its toll the most. The message of hope drew great interest both from the consumers and the public. "Here comes the summer tomatoes grown by the Sun" campaign film was aired for the summer tomatoes in September.



#### The Secret to Delicious Pastas: Tat Pasta Sauces

The secret to a delicious pasta is the sauce that is prepared from meticulously picked and prime ingredients. Tat Napoliten, Arrabbiata, Pesto and Tomato Pesto pasta sauces add more zest to your pastas.



#### A New Flavor from Tat: Tahini and Molasses Mix

Tat brings you "Tahini&Molasses", a traditional, palatal delight and an essential breakfast item.



#### Tat Gourme Soup - As Good As Home Made by Master Chefs

Tat Gourme ready-to-drink Soup comes in four delicious flavors. Tat Cream of Tomato, Tat Cream of Mushroom, Tat Cream of Vegetables, and Tat Cream of Chicken Vermicelli Soup warm-n-drink items do not contain preservatives, colorants or trans fat.

Tat conducted promotional television and digital campaigns, as well as digital marketing drives with opinion leaders for Tat Gourme Soup.



Scan the QR code to watch the "Look at the Future with Hope, Always with the Same Taste" film.



Scan the QR code to watch the Tat Gourme Soup film.



Scan the QR code to watch the Tat Organic Ketchup film.

## Brand Product Exports to 37 Countries

Tat Gıda had a lucrative export year in 2020, delivering goods to consumers in 37 countries by adding Palestine, Romania, Ukraine, Oman, Italy and Israel to its export market.

The Company is emulating its domestic market success in the international arena. In a year with rising concerns over food safety, Tat expanded its reach throughout the world with safe and healthy production processes.

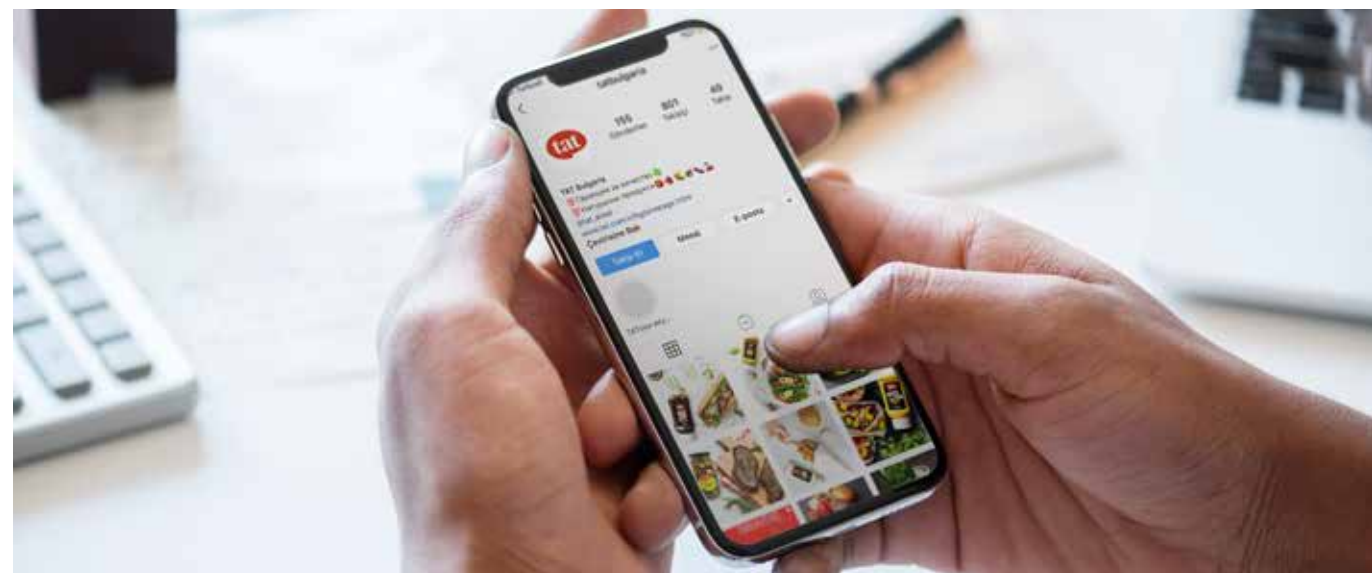
A major player with its products in Japan and Germany, Tat exports to 37 countries, ranging from the USA to Japan. Europe and the Middle East are primary markets for Tat Gıda, where it focuses on delivering goods to consumers through micro distribution and large portfolio sales. In 2020, the Company maintained growth with a focus on these two market regions.

In 2020 TAT Konserve business exports surged by 131 percent to 217 million Turkish lira. Export revenues from TAT

and SEK businesses contributed to brand growth by nearly two-fold. TAT business export revenues in Private Label projects soared by almost 3.5-fold.

There are now six more countries added to its list of export countries: Palestine, Ukraine, Oman, Italy and Israel. Following the change in the distributor in the strategic markets of Iraq and Germany, more consumers have access to its goods with an expanded distribution network. Market-specific television and digital publicity campaigns bolstered the sales operations.

Tat purposes to maintain export expansion into the future by leveraging the new networks and vendors.



- |                  |                           |  |
|------------------|---------------------------|--|
| 1 US             | 14 BOSNIA AND HERZEGOVINA | 26 IRAQ                                |
| 2 CANADA         | 15 GREECE                 | 27 LIBYA                               |
| 3 UNITED KINGDOM | 16 ROMANIA                | 28 HONG KONG                           |
| 4 GERMANY        | 17 HUNGARY                | 29 CHINA                               |
| 5 BELGIUM        | 18 RUSSIA                 | 30 JAPAN                               |
| 6 NETHERLANDS    | 19 AZERBAIJAN             | 31 PALESTINE                           |
| 7 FRANCE         | 20 GEORGIA                | 32 ISRAEL                              |
| 8 SWITZERLAND    | 21 UKRAINE                | 33 AUSTRALIA                           |
| 9 AUSTRIA        | 22 SAUDI ARABIA           | 34 NEW ZELAND                          |
| 10 SWEDEN        | 23 QATAR                  | 35 TURKISH REPUBLIC OF NORTHERN CYPRUS |
| 11 NORWAY        | 24 UNITED ARAB EMIRATES   | 36 AFGHANISTAN                         |
| 12 BULGARIA      | 25 OMAN                   | 37 KOSOVA                              |



## SEK: Natural and Fresh Flavor Producer for Our Tables



In a year marred by the pandemic, SEK continued to provide consumers with its products while conducting many publicity campaigns.

SEK helps raise healthy generations with superior and delicious goods which are produced with state-of-the-art technology to add value to Turkish palatal taste. The producer of natural and fresh flavors on our tables plays a crucial role in the growth of milk production in Turkey. In 2020, a year marred by the pandemic, SEK strived to provide consumers with its products without interruption as it has done since 1963.

SEK intensified hygiene standards and measures at the production plants in 2020 to protect the health of employees and society alike. These efforts culminated in becoming the first-ever

brand to receive the TSE COVID-19 Safe Production Certification in the industry.

On the advice of experts in a year of increased concerns over hygiene, SEK aired a publicity film to explain the production process of Pasteurized Milk and why it is healthy to drink it. The film raised awareness on the importance of hygienic packaged goods that are produced under safe conditions.

Having a stronger immune system became a major consideration this year. Accordingly, SEK conducted television and digital campaigns to raise awareness with the message: "SEK Active Probiotic helps increase your immune system."



Scan the QR code to watch the film about the milk production process and why it's healthy to drink milk.



Scan the QR code to watch the SEK Active Probiotic film.

### PRODUCT GROUPS

- Pasteurized Milk
- UHT Milk
- Protein Milk
- Dairy Drinks
- Ayran (Yogurt Drink)
- Probiotic Drinks
- Yogurt
- Quark
- Quark Muesli Bars
- Cream
- Cheese
- Butter
- Fruit Juices
- Breakfast Foods







**Award for SEK Barista Club**  
SEK established the SEK Barista Club in 2018 to help cultivate coffee culture and establish a platform for baristas to improve themselves. In 2020, the Company maintained social media exploits for the Club. SEK Barista Club brought a fresh outlook to the coffee industry and received the Golden award in 2020 in the Page and Community Management Category at the Social Media Awards, which recognizes the best use of social media in Turkey.



**SEK Meets Children for Fairy Tales Hour**  
SEK held projects that support children's physical and social development with the "Raise with Kindness" motto, also remembered the kids that are stuck at home along with their parents due to the coronavirus. Children got to listen to stories and fairy tales from the voice of Yekta Kopan on live stream at the sekdunyasi Instagram account, taking them through a dream world of fairy tales before falling asleep.



Scan the QR code to watch the fairy tales.

**Packaging and Product Relaunches**  
The Company had a packaging and product relaunch for the Pasteurized Protein Milk and Pasteurized Cold Coffee items in 2020. Both product groups are moved to UHT, from pasteurized. In addition, probiotic products are relaunched following a packaging design change.

**AWARDS**

"Not Yogurt, SEK Farm Yogurt" Campaign clutched the Bronz Effie at the Effie Turkey awards - one of the most prestigious advertising and marketing awards that measures a project's impact on the business results while also assessing creativity.



**Best Parent & Child Influencer Campaigni**

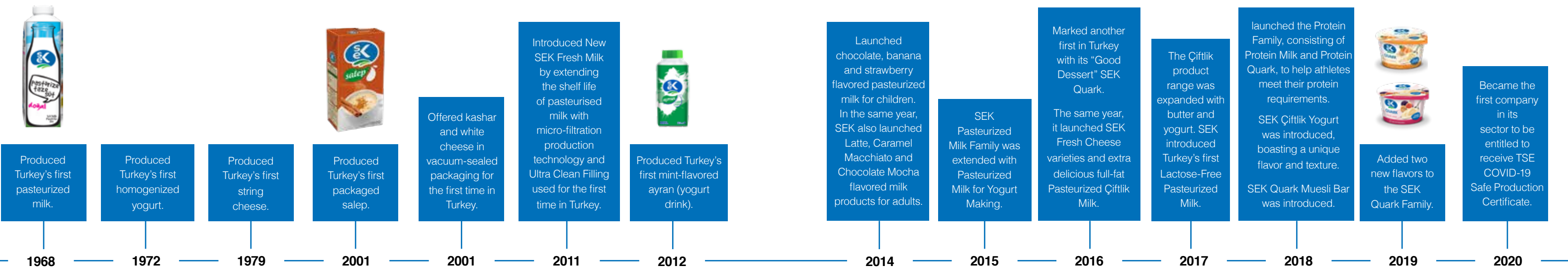
"#EVDEYSEK" the Fairy Tale Hour Project with Yekta Kopan took the "Best Parent & Child Influencer Campaign" award at the Inflow Awards.

**Bronz Effie**



**Intrapreneurship**

SEK received the Best Intrapreneurship Award with its SEK Quark Project, among the commercialized projects that are spun out of entrepreneurship programs, at the second Corporate & StartUp Day Awards held with support from the Istanbul Development Agency and in collaboration with the Özyeğin University and Fast Company Turkey.



## Human Resources

Tat Gıda had an intensive and strong year by changing the work culture and swiftly adopting them to an online platform in 2020 while prioritizing health with its, “The most important capital is our employees” motto.

2020 was a year of intensive and active period with the Company putting in place the systems and processes for effective human resources management that is sustainable in the future as part of the “People are the Essence” employee brand proposition. The Company oversees all systems and processes on human resources management within an integrated plan.

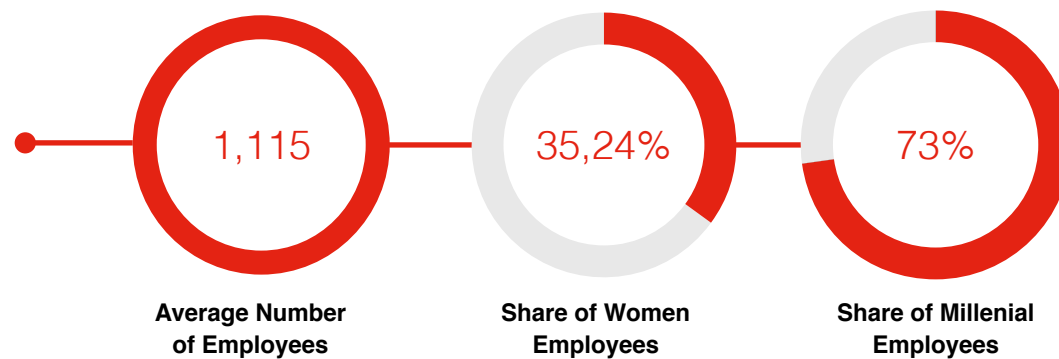
The culture tends to become diverse in food business that operate in different regions. Tat Gıda is an equal opportunity employer that handles all its processes without discrimination based on sex, religion, faith, language, race, ethnic background, age, disability, refugee status and so on. It strives to accomplish fair employment, improvement in work standards, women’s employment and including while also looking out for the impact on supply and value chain. The Company places emphasis on joint projects in an effort to turn diversity of culture and inclusiveness into a force. This way, any employee can improve themselves in different areas through



rotation and projects even if he or she starts in a different line of business. Tat Gıda uses a planning process to identify potential candidates to help select and train future leaders, and continuity/back-up plans are in place for managerial staff. Special development plans are prepared by the Human Resources department for employees identified as candidates for such positions.



STRONGER  
TOGETHER



### Training and Development Feats Push On at the Offices and on the Field

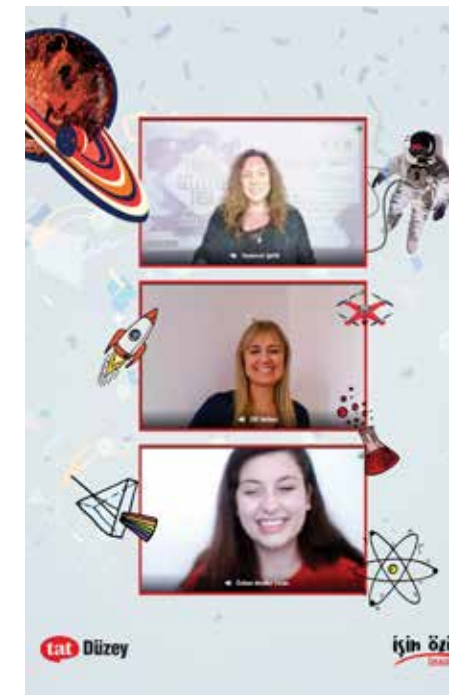
Training and development at Tat Gıda is one of the important activities on the agenda of the company. Leadership, competency, intrapreneurship, tech and the Lean 6 Sigma training programs took priority in 2020 as usual. Similarly, training on “Techniques for providing training on digital platforms” began in 2019 internal trainers as part of the Internal Trainers Project aimed at training employees within the organization in 2020.

In 2020;

- Office personnel received 2,642 hours of training provided externally. The rate of training satisfaction was 88 percent. Training time per each person was 12.2 hours.
- Field staff received 5,914 hours of training. Training time per each worker including seasonal workers were 38.9 hours.

### Choose Your Own Competence Training (CYOCT)

CYOCT training program continued in 2020. Employees attended programs that they chose of their own accord in addition to those chosen for them by their managers. Seminars and workshops bolstered the training programs. Due to the pandemic, CYOCT training and seminars took place digitally. In 2020, we held the Inspiring Speakers and webinar activities, anxiety training online with our psychologists, hygiene and occupational health and safety training to ensure workplace safety while raising awareness on hygiene at home and at work, online workshops with renowned theater actors with the likes of Betül Arım and Meltem Pamırtan, a Mother’s Day cookbook that contains mom recopies, and online yoga.



### Competency-Based Screening and Placement

The goals of Tat Food are adopted by all employees through the Performance Management System, starting from top management. This system makes it possible for employees to embrace corporate goals and work with a culture that is focused on success throughout the year. An employee engagement survey is conducted every year to solicit the views of employees and measure their loyalty and satisfaction. We analyze the survey results to identify action plans and implement them throughout the year.

Koç Careers, an internal advertisement system used for all Koç Group companies, is also actively used by Tat Gıda. Open positions are advertised on the Koç Careers first, and not only Tat Gıda employees, but also all eligible employees within the Koç Group companies with proper qualifications may apply. The system allows employees to further their careers not only within Company, but throughout the Community by applying for vacancies posted internally. Tat Gıda job posts appeared on LinkedIn in 2019 for the first time, and the number of Tat Gıda LinkedIn followers rose to 22,170 on December 2020. Tat Gıda aims to bring the company into the future and hire candidates with the appropriate competencies, developing them quickly so they can contribute to our business’s results.

During the year of the pandemic, Tat Gıda businesses continued to normal operations as a result of the highest level of measures taken.



Our screening and placement process is based on capabilities. Candidates who are found to be eligible for the position in the application evaluation process are invited for an interview. The suitability of the candidate for the position is assessed using different tools and methods. In the case of two candidates found to possess equal qualifications at the recruitment evaluations, female candidates are preferred in order to strengthen their participation in the workforce.

#### Internal Communications Moved to Digital

Communication platforms where executive management, management and HR teams could come together with employees in a well-structured way were established in 2019. The Platform aims to ensure that both executives and the Human Resources get to know closer by interacting face-to-face with employees at different levels and functions, and to boost knowledge sharing, two-way feedback, a positive work environment and open communication.

All communication activities were moved to online platform in 2020. Human Resources held 5NIK meetings

#### FEMALE EMPLOYEES: 35 PERCENT

In 2013, Koç Group signed the "Equality At Work" declaration, the most comprehensive initiative created with the goal of diminishing social gender inequality. Tat Gıda complies with this declaration and develops new practices to put into practice the commitments laid out in it.

The Company takes pains to increase the number of female employees to boost their participation in the economy. In 2020, female employees at Tat Gıda accounted for 35 percent of the workforce. Tat Gıda employees have an average seniority of 9 years and average age of 36.5.

with various teams, and the General Managers met with the employees on Bizbize gatherings at online platforms. We published weekly bulletins to help employees enjoy their weekends, and then with request from them, a weekly bulletin for kids. Also, we put together the principles on working from home, guidebooks with tips on How to Work with My Team from Home, and on online meeting rules to share with the staff to clarify our principles for working from home.

Employee Engagement Action Planning meetings continued with new actions set out with employees from different departments. In addition, we sent 150 information emails to all employees on different subjects since the start of the pandemic.

#### Employer Brand on Campus

In 2020, the company worked to improve the Employer Brand's recognition among external candidates, holding 30 communication events on campuses with participation from our top and mid-level managers. Tat Gıda took part in 30 university events including Toptalent Online Career Fair, FMCG Camp 2020, ITU Transformation Camp, Yıldız Technical University Just In Case and Star projects,

Hacettepe University Career Chats and Youth Summit 2020, Bahçeşehir University Case Study, Yalova University Simurg Summit, Marmara University Industrial Engineering Days, Anadolu University Below Zero Marketing, Pamukkale University Quality Assurance Activities, and Istanbul University Brand and Interaction Camp.

In collaboration with Toptalent and anlatsın.com, Tat employees talked to the students, new graduates and young professionals on anlatsın.com about the dynamic and passionate workplace environment at Tat Gıda, as well as the opportunities, organizational structure and its Employer Brand. At the events, 17 Tat Gıda employees answered 197 questions.

#### Online Internship Opportunities During the Pandemic

The long-term internship and talent program "Talent Factory" was launched with the slogan "We Are Producing the Future" to bring talented new graduates to Tat Gıda, train future employees who deliver high performance and have high potential, provide suitable candidates for future openings and increase the recognition of Tat Gıda among new generations. Long-term internship program continued during the pandemic. As part of the program, 27 long-term interns are currently working. We also provided compulsory online internships to some university students during the pandemic with 13 short-term interns completing their compulsory internship programs in August and September.

#### Right to Unionize and Occupational Health and Safety

Tat Gıda respects workers' right to unionize. Our aim is to ensure the continuity of calm and peaceful working

#### AWARD WINNING PERFORMANCE

Tat Gıda ranked 73<sup>rd</sup> in Engineering and IT at the Universum Ideal Employer Brands 2020 study.

Talent Factory long-term internship program was listed among the top 100 companies at the Top-100 Talent Program 2020 by Toptalent

conditions in accordance with the legal and collective bargaining requirements within the framework of the trust-based relationship established with trade unions and employees. Attaching importance to the health and safety of its employees, Tat Gıda adheres to legislation and regulations in line with our employee health and work safety policies, and we develop workers in this respect.

#### Ethic Attitude

We disclose to employees the Company's Code of Ethics, which are in line with the personnel directive. The Ethics Board made up of the CEO, relevant Assistant General Manager, Human Resources Director, Legal Counsel, and Industry Relations Manager are responsible for the practice and sound implementation of the Code of Ethics at the Company.

#### Occupational Health and Safety

Tat Gıda is fully aware that it is essential to provide a healthy and safe work environment for the employees to allow for a productive workplace with high employee satisfaction. The occupational health and safety approach rests on providing employees with a safe

workplace to carry out their duties and on minimizing the occupational health risks. Tat Gıda handles the occupational health and safety with a holistic approach and expands this integrated concept throughout all plants.

Occupational health and safety (OHS) specialists and on-site doctors are positioned at all locations and six OHS Boards provide services at the sites. Of the 56 OHS Board members, 21 percent is made up of employee representatives. Human Resources Director reports directly to the CEO as the person with the highest authority on occupational health and safety.

Tat Gıda aims to increase the level of information and awareness regarding the occupational health and safety matters at the subcontractors from which it receives services. Between 2014 and 2020, there have been no fatal work accidents at Tat Gıda or at the subcontractors. The occupational illness rate has been zero for the past three years of operation both Tat Gıda and at the subcontractors it works with.

In 2020, all Tat Gıda employees received average six hours of OHS refresher training.

## Quality

Since its foundation, Tat Gıda strictly adheres to quality and hygiene standards as well as occupational health and safety rules during the pandemic year as part of the continuous improvement vision.

Social and economic turbulence wreaked havoc throughout the globe as well as in Turkey in the pandemic year of 2020. The pandemic heightened the importance of quality and hygiene standards with many additional measures put in place.

Since its foundation, Tat Gıda strictly adheres to quality and hygiene standards as well as occupational health and safety rules while performing statistical review of the outputs from the controls and analysis carried out during the processes as part of the continuous improvement vision. After the pandemic first appeared in the world, the Company quickly began to take action based on its risk assessments at all plants since the months when there were no cases

in our country yet. We adopted to the situation by running assessments of the processes regarding the personnel, business hygiene rules, and quality and food safety in relation to the pandemic measures. We prepared a handbook for pandemic measures, announced all measures and the rules of the new normal, and kept a close eye on the adjustment processes. Furthermore, plant infrastructure improvement efforts continued without an interruption as the most important step of the quality and food safety processes.

Continuous improvement approach is adopted as a business manner at Tat Gıda with constant improvement initiatives by using the Total Productive Management (TPM) and Lean Six Sigma



methodologies. The TPM methodology involves continuous improvement for equipment excellence especially with the field staff's participation, while the Lean Six Sigma methodology tackles challenging engineering issues particularly with the participation of engineering staff. As part of the Lean Six Sigma program, 27 and four employees hold green belt and black belt certificates, respectively. We conducted over 100 large projects at our sites within the scope of both methodologies in 2020. Also, all of the employees contributed to the creation of 17,632 small projects with 550 of them implemented.

### The Environment and Efforts to Minimize Impact

Tat Gıda is a brand that adopted a principle to be sensitive to the environment. As a pioneer among agricultural industrial organizations Tat places emphasis on protecting the environment while helping agricultural development. Technologies and innovations that will enable production without damaging the environment are implemented at all facilities. Tat has the ISO 50001 Energy Management System certification and the ISO 14001-2015 Environmental Management System certification for all its plants. Mustafakemalpaşa and Söke SEK Milk plants, Mustafakemalpaşa Canned Goods plant, and Karacabey Canned Goods plant possess Zero Waste Certification, while Torbalı Canned Goods plant in the process of obtaining it.

Climate change affects all industries, particularly the agriculture and food. Tat Gıda develops projects to reduce greenhouse gas emission by decreasing carbon emissions at its plants. Energy saving measures at the plants in 2020 resulted in nearly 15,000 GJ of savings and CO<sub>2</sub> emission reduction equaling almost 1.304 tons. Water, one



of the essential sources for all living beings, is also one of the fundamental elements of sustainable development. Tat Gıda puts emphasis on using and managing water sources effectively. Water recovery projects are carried out in canned food plants, where water is heavily used. The biological wastewater treatment facility at the Tat Mustafakemalpaşa plant is the largest privately owned facility of its kind in the industry. At this facility, wastewater from both the Mustafakemalpaşa plant and the SEK Milk plant is treated. In 2011, the facilities received the Environmental permit, a first in the region. Average discharge limits specific to the receiving zone in the region where the facilities are located are applied in accordance with the Water Pollution Control Regulation, while the discharging standards of the treatment plant are controlled by the Provincial Directorate of Environment and Urbanization. Discharging lines of wastewater treatment facilities at Tat Gıda plants have Continuous Wastewater Monitoring Systems (CWMS) set according to the Continuous Wastewater Monitoring Tracking Systems Regulation. The system is monitored 24/7 online by the Provincial

Directorate of Environment and Urbanization. Wastewater processed by all on-site treatment facilities at Tat Gıda is checked by both the company and independent, accredited laboratories. As a result of various recover projects at all plants, the amount of re-used water was 25 percent of the total consumption in 2020. The amount of reclaimed water is 961,000 m<sup>3</sup>.

### Environmental Awareness Training for 3,353 Farmers

Every year, employees receive training to increase their environmental awareness. Agriculture teams help farmers gain more awareness on correct agriculture practices. Since 2012, provided 3,353 farmers at the Mustafakemalpaşa, Karacabey and Torbalı plants with training on cultural measures for cultural control techniques for pest control, plant diseases, weeds and invasive herbs, soil cultivation, plant nutrition, drip irrigation, fertilization, and harvest. With these training sessions, we ensure that our farmers improve their water usage, stop using heavy and incorrect chemicals, and use pest control methods that care for and protect regional ecosystems.



### Green Dot Industry Award from ÇEVKO

Tat Gıda strives to preserve natural resources by decreasing waste creation, sorting at the source, and increasing recycling and reuse. The Company is the first-ever to receive the "Zero Waste Certificate" in its business category in Aydın, and it ranks among the 10 companies to possess it in the Bursa region. It took the ÇEVKO Green Dot Industrial Award in the Large-Scale Businesses class in the Waste Management System and Practices Category with its waste reduction and sorting at the source projects.

As part of the efforts to collect and reclaim packaging waste, Tat Gıda works with authorized organizations to have its used packages collected and reclaimed within the quotas set by the Ministry of Environment and Urbanization. For various productions, the amount of plastic packaging is reduced and environmentally friendly glass bottle packaging is emphasized. Waste management at the plants is carried out by separately storing and disposing of recyclable waste and hazardous waste, which are

especially important in terms of their environmental effects, in accordance with technical and legal standards. Tat achieved 1.5 percent savings in raw materials by incorporating tomato residues into the pressing process thanks to changes made in production technologies aimed at the effective use of natural resources.

### Precious Nature and Living Creatures

Tat has attached great importance to the forestation and landscaping of its facilities from day one and strives to create an aesthetic and ergonomic environment around the facility. A 25,000-square-meter grove area was developed around the Tat Konserve facility in Mustafakemalpaşa, Bursa, with the support of its employees. The grove area, containing pine, chestnut, cedar, blue spruce, fir, cypress, ash, plum, loquat and palm trees, was expanded before the plant was opened.

The facilities promote natural wildlife. A biodiversity project was developed for the protection of the Anatolian squirrels of the *Sciurus Anomalus* genus, a natural wildlife population at the Mustafakemalpaşa facilities, and a 'squirrel crossing bridge' and 'squirrel houses' were built in the trees at the facilities.

### New Organic Agriculture Fields

In 2018, Tat Gıda acquired the "Organic Agriculture Entrepreneurship Certificate" for diced and grated tomato products produced in the Mustafakemalpaşa plant. In 2019, it extended the organic products range with organic tomato paste, organic red pepper paste and organic ketchup. In the same year, Karacabey plant expanded its scope of work by obtaining the certificate for



organic diced tomato when the diced tomato production line was moved there. Similarly, Mustafakemalpaşa plant received its certificate for organic tomato paste, organic red pepper paste, organic grated tomato, and organic ketchup with the addition of new items.

### Food Safety is First Priority at SEK

SEK plant specialist perform meticulous selection of raw milk by analyzing 1 million pieces obtained from raw materials. Similarly, they run annual food safety checks on the middle stages, packaging materials and final products to provide the consumers the healthiest and superior products. These efforts prevent the Company from putting into the market products that do not meet legal requirements or consumer expectations. The accuracy of the analysis and measurements are verified with the samples that are sent

to accredited laboratories. In 2020, the Company started performing analysis verification process of microbiological analysis internally and initiated preliminary preparations to obtain the ISO 17025 Laboratory accreditation.

SEK Milk Plants produces goods in compliance with the Turkish Food Codex and the Turkish Standards. SEK Milk Plants possess TSEN ISO 9001:2015 and FSSC 22000:2018 ISO/TS 22002-1 Version 5.0 Quality Management System, TSEN ISO 50001 Energy Management System, TSEN 14001-2015 Environment Management System, and EU-Russia Milk and Dairy Products export-approved business certificate. Furthermore, SEK Mustafakemalpaşa plant meets the criteria for EU-Russia Milk and Dairy Products exports.

SEK has adopted continuous improvement as a way of doing business, and it carries out statistical methodologies and improvement projects in all processes. The Company decreased the use of plastic and paper in packaging products in line with the Environment Policies. In addition, it put in place production efficiency process improvements.

### National and International Documents and Registered Plants

Production at all Tat Gıda plants is done in compliance with the Turkish Food Codex and Turkish standards.

In exports, specifications of foreign companies are taken into account. The international documents obtained also attest to the quality and reliability of Tat. Tat Gıda holds the "Japanese Agricultural Standard" certification, which determines the Japanese

standard for food and agricultural products, and the TS EN ISO 9001-2015, FSSC 22000: Version 4 Quality Management, the British Retail Consortium Standard (BRC) and the Halal Food Certificate in all its businesses.

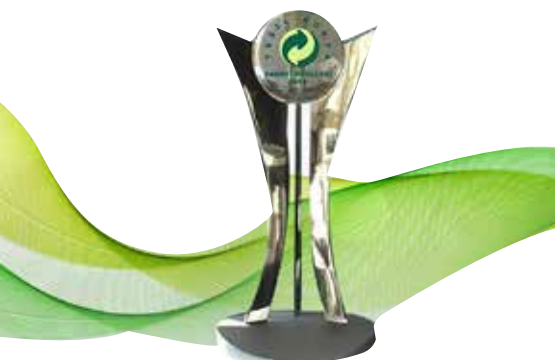
In 2018, the Company acquired the "Organic Agriculture Entrepreneurship Certificate" at the Mustafakemalpaşa plant and Kosher Certificate for the plant in Karacabey. Also, Mustafakemalpaşa and Karacabey plants have Organic Product Entrepreneurship Certificate, and Karacabey plant possesses a Kosher Certificate.

### TAT GIDA RECEIVES THE FIRST TSE COVID-19 SAFE PRODUCTION CERTIFICATE IN THE INDUSTRY

Tat Gıda strictly adheres to occupational health and safety, and quality and hygiene standards at the TAT and SEK production plants. Accordingly, it received the "COVID-19 Safe Production Certificate" that is awarded by the Turkish Standards Institution (TSE) experts to qualifying companies that take the necessary preventive measures at industrial plants. As the first-ever company to obtain the certificate in the industry, Tat Gıda remains a pioneer in a fast-changing world and business environment.



25 percent of the total water consumption was reused in 2020.



## R&D and Innovation

In 2020, the pandemic put agricultural and food sustainability at the center in the world. Similarly, Tat Gıda focused its R&D operations on the same matters.

On its third year under the umbrella of the Tat Seed R&D Center two years ago, Tat Gıda has adopted a model that will bolster domestic and international collaborations to create high added value, support research and development and innovation efforts, and nurture R&D operations. In addition to expanding university and industry collaborations, increasing joint projects and developing innovative products, the R&D center aims to develop products and processes that add value to the consumer by providing an environment for the development of innovative ideas and projects with strong collaborations by understanding consumer needs and expectations.

The R&D actively runs nine projects with a team of 18 postgraduate professionals including engineers, researchers in basic sciences, and technicians. The R&D center also serves as a hub for collaborations between industry and academia, technology parks, and start-ups and entrepreneurs. Three entrepreneurs supported by the Company are now conducting within the TUBITAK BIGG program. We are one of the partners of the 10x20x30 project that is conducted internationally under the leadership of the World Resources Institute (WRI).

R&D Center members participated at national and international congresses



by presenting six works in the form of verbal presentation and poster in 2020. At the Food Congress, they made a presentation for the participants with a project on Development of Fruit Juice that is Enriched with Probiotic Bacteria.

Tat Gıda has been successfully undertaking government subsidised projects since 2010, including two this year. As of 2020, the primary goal has been seeking international project partnerships and grants

### Tat Good Idea Platform



Companies that are open to change, take fast action, and produce customized solutions to customers ensure their success through innovation and continuity by setting themselves apart from their competitors. Tat Gıda has carried out works to improve its infrastructure to transform innovation into a skill, create a corporate culture out of it and ensure continuity. The Tat

the society's habits around the world, and this fact remains true today. While getting adjusted to the new state of things, a "Back to Work Model Strategy Workshop" was held in an effort to review the model to go back to work following the pandemic and identify the themes to work on this year's acceleration program. The focus areas that were identified in the workshop constituted the themes of the intrapreneurship and acceleration program of 2020. Two of the four teams that came out of the program are working on developing their projects.

### Open Innovation

Apart from intrapreneurship, Tat Gıda endeavors to actively invest in open innovation projects. We identify new focus areas by considering the trends and technological developments that may directly or indirectly affect Tat Gıda's future field of activity. Tat Gıda interacts with local and global start-ups to support the development in those designated focus areas and explores cooperation possibilities and ways to maintain a win-win relationship.

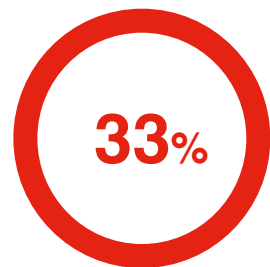
Good Idea Platform is an idea-gathering platform where everyone who has creative and innovative ideas at the company shares their ideas with the slogan: "Everything starts with a good idea; projects developed by people with creative ideas who desire to manifest the will only be realized through a good idea."

### Intrapreneurship Forges Ahead

In 2020, Tat Gıda completed the 7<sup>th</sup> of the annual intrapreneurship and acceleration program. The program involves teaching the employees new methods to spot surrounding opportunities, identify issues and implement the solution they come up with. In this way, they share with the entrepreneurs the work methods they have learned, allowing them to make decisions by quickly processing various assumptions on limited time and resources. These practices let Tat Gıda employees learn by practice how ideas turn into projects, how success comes for teams in the aftermath of well analyzed customer needs and problems. COVID-19 has drastically changed



Number of team members



Percentage of Post-Graduate researchers



Number of completed projects



Number of ongoing projects



Some of the many innovation feats of 2020:

- At the TUSIAD's "The Youth Means Business Entrepreneurship" camp, 12 out of 107 initiatives got a match with a guide. Tat Gıda completed an intensive three-month mentorship process with the "Airmed" initiative to get it prepared for investor presentations and the final day.

- Tat Gıda participated at the Kworks COVID-19 Ekspres platform by KWork to support the initiatives. At the platform, 20 initiatives went into 27 collaborations with 16 companies with Tat Gıda entering into a collaboration with its "Macerita" initiative.

- Corporate & Startup Day got underway with collaboration from Endeavor, Fast Company Magazine, Entrepreneur Organizations Platform, Istanbul Development Agency, Özyeğin University, the Ministry of Industry and Technology, TOBB Young Entrepreneurs Board, and Bizz Consulting. Tat Gıda

came first in the Intrapreneurship Category with its Sek Quark project, which offers a healthy alternative to those looking for a healthier way to feel full for longer.



## Sustainability

Sustainability is managed at Tat Gıda by identifying an understanding, strategy and goals according to the industry in the light of Koç Group's approach and priorities.

As part of its sustainability efforts, Tat Gıda takes guidance from Koç Holding's "Lead Together" motto. As such, it conducts work and puts in place policies regarding business life, people management and resources, global issues, and social stakeholdership.

Koç Group strives to implement the "Lead Together" motto in line with its "Sustainable Development Goals" while working to accomplish common objectives around work, people, the world and the society.

Sustainability work are overseen at Tat Gıda at the Sustainability Committee and CEO management level.

### People-Centric Work Environment

Since its foundation, Tat Gıda pursues innovative and pioneering work based on a sustainable and profitable growth strategy while providing a coveted work environment by its people management and ethical policies. Non-discriminatory policies that support female employment helped the company achieve 24-percent and 50-percent ratios in mid-level and executive-level female managers, respectively. With a rate of 24 percent female employees, the Company stands out in the industry with its fair compensation and benefits policies. Tat Gıda fully complies with OHS measures established by domestic and international



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legal regulations, and provides the employees a safe and health business environment.

### Eco-friendly Production with Respect for Nature

We appreciate the importance of efficiently using the world's resources and conduct our business accordingly. Since 1967, we practice contract farming so as to support farmers, move them into an efficient and value-added production process, and have them earn through technical know-how as they are among our Company's most important stakeholders. In keeping within this framework, we favor an eco-friendly production with respect for nature from the start to the end of our production process.



We conduct important work on "Digital Agriculture" to put in place sustainable agriculture practices. We keep up with latest technology and apply to our farmlands to prevent aggressive irrigation, use manpower effectively and increase soil productivity while providing training and support to our contract farmers. Every employee at the production plants works with a high awareness on matters such as biodiversity and waste water management, and takes measures to use the resources with maximum efficiency. The Environmental Policies we develop provide guidance in this work.

### Keeping a Close Eye on Global Standards

The Company enjoys a leading status in many of its business categories and strives for sustainable growth with innovative products and an eco-friendly production approach. Based on consumer expectations in domestic and global markets, we present products that are produced at plants that possess ISO 14001 Environmental Management System and ISO 50001 Energy Management System certificates, and TSE COVID-19 Safe Production certificate.

We keep a close eye on global developments and adapt them to the Company at executive level at a time when the use of resources has become ever so crucial with a production awareness that comprises the whole

supply chain from start to the end. The Company pursues the "Sustainable Development Goals" set by the United Nations and takes necessary action plans.

Tat Gıda is determined to work with stakeholders to create value with a sustainable agriculture and production approach as it has done for 54 years.



You can reach Tat Gıda Sustainability Committee Working Principles by scanning the QR code.

### Clean Technologies and Sustainable Products

Tat Gıda strives for a production approach and awareness with respect to the environment, nature and the stakeholders as expected from a pioneering leader of the industry. The Company operates without damaging the environment through regulations at the production plants, technology infrastructure investments and the standards introduce.

Employees and farmers receive training on use of resources and effective production techniques.

TAT holds ISO 50001 Energy Management System and ISO 14001 Environmental Management System certification, as well as TSE COVID-19 Safe Production certification, and conducts crucial work on resource productivity. Natural gas infrastructure is in place at all plants with measures taken by measuring the annual green house emissions.

Water treatment facilities at the production centers allow for eco-friendly operations. The biological waste water plant built within the Mustafakemalpaşa district is the largest of its kind in the region for a private enterprise.

Discharge limits specific to the receiving zone in the region where the facilities are located are applied in accordance with the Water Pollution Control Regulation while the discharging standards of the treatment plant are controlled by the Provincial Environment and Urban Planning Directorate. Wastewater processed at on-site treatment facilities are checked at both company and

independent, accredited laboratories. We strive to increase productivity and make better products through the digital integrations we apply in production processes. We achieve effective and productive results with the agricultural sustainability programs and digital agriculture techniques. We conduct projects on various digital agriculture areas such as automatic steering, pheromone traps, plant health tracking via satellites, soil analysis, and drip irrigation. The farmers we collaborate as part of the contract agriculture practices benefit from the experience we acquire from these actions and receive free consulting so that they can implement these practices on their own lands.

### Energy Consumption and Green House Emissions

The Company attaches great importance to sustainable agriculture as a major player in the agriculture industry. It conducts crucial work on identifying the measures to be taken against the risk of climate change developing action plans.

We take a proactive approach and aim to reduce our effect in parallel with the Paris Climate Agreement and our aspiration to take action for the climate, a Sustainable

Green House Emissions*	2017	2018	2019
Scope 1 (ton CO <sub>2</sub> e)	41,006	33,328	38,411
Scope 2 (ton CO <sub>2</sub> e)	25,807	22,222	22,142
Total (ton CO <sub>2</sub> e)	66,814	55,55	60,552
Carbon Emission per Ton (kg CO <sub>2</sub> e)**	187	155	251

\*\* Green house creation per annual production amount



Development Goal for the Company. Therefore, we are reducing our carbon emissions and developing projects to cut down energy consumptions.

We measure green house emissions from current operations and monitor comparatively for each year. In 2019, we checked air leaks throughout the plants and optimized the use of pressured air on production lines and waste water plants as part of the "Total Productive Management" project.



**Water Risks Management**

We carry out a delicate policy to raise awareness on the consumption of natural resources that are used on agricultural processes and to take preventive measures. Our priority areas include ensuring environmental sustainability, effective use of resources,

and discharge of waste water within legal limits to prevent damage to the environment.

We have taken various measures to reduce the amount of water used in production processes at our plants and to preserve resources. As a result of these measures, we decreased the

amount of water used per kilo of product to 10 percent.

We have achieved considerable savings through automation systems, and maintenance and water optimization at the plants.

Water and Waste Water Amount*	2017	2018	2019
Water consumption (1,000 m <sup>3</sup> )	5,350	4,006	3,935
Water consumption per ton** (m <sup>3</sup> )	14	15	16
Waste water amount (1,000 m <sup>3</sup> )	3,488	2,302	3,53

\* Total water consumption amount per annual production. \* Total water consumption amount per annual production.

**Waste Management**

Tat Gıda attaches great importance to waste management, energy use and reduction of green house gases throughout the whole supply chain. Our policy is to prevent waste creation at the source at our businesses and plants and carry out effective measures to reduce waste through recycling.

waste disposal and develop means to decrease energy use and green house gases. We also reclaim at licensed companies the waste such as the leaves or branches on tomatoes and green peas that is created at our canned goods plants.

We employ a more effective resource usage eco-friendly production attitude through recyclable packaging practices. In addition to the recyclable glass bottles, we also collect the pallets and

milk, ayran and yogurt cases. If deemed suitable, collected bottles, pallets and cases are reused after getting washed, and others are recycled. This process prevents tons of packaging from ending up at landfills.

Waste (ton)*	2017	2018	2019
Hazardous	29,320	14306	22298
Recycled	3,97	4,05	3,978
Recovery for energy purposes	1.175,34	1.408,26	3.022,58

\*Current data will be published on our tatgida.com website after March 2021 following approval from the Ministry.

**Human Rights and Fair Work Environment**

Tat Gıda puts employees foremost with a human resources policy motto of "People are the Essence." The Company provides a work environment aimed at making employees safe and happy with development programs, internal training, social activities and social benefits.

The personal directive is shaped in line with the Code of Ethics and Code of Conduct that are based on the Koç Group principles and culture.

While providing our colleagues a safe and happy workplace, our primary aspiration is to respect basic human rights and constant improvement.

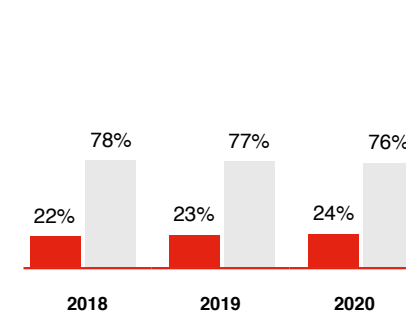
Tat Gıda offers employees space to improve themselves while ensuring gender equality through fair remuneration and talent management processes.

The human resources policy stands against all kinds of discrimination based on language, religion, race, sex or other concerns while striving to protect employees' rights and fulfill the Company's goals.

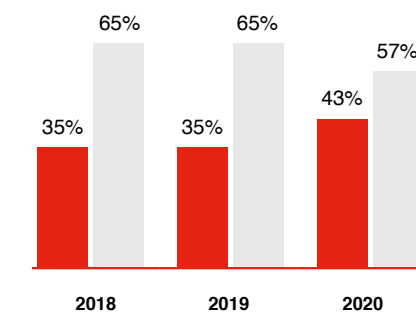
The Company complies with and develops new practices to implement the commitments set out in the Equality At Work declaration signed by the Koç Group in 2013. The declaration is the most comprehensive initiative that is created with the aim of curtailing social gender inequality.

Koç Group has adopted an attitude and establish a policy in line with the Universal Declaration of Human Rights and the Declaration on Fundamental Principles and Rights at Work of the International Labor Organization (ILO). Similarly, Tat Gıda endorses the same attitude and policies on championing diversity, preventing discrimination, zero tolerance for child and forced labor, freedom of association and collective bargaining, health and safety, zero tolerance for harassment and violence, work hours and remuneration, personal development, data privacy, and political activities.

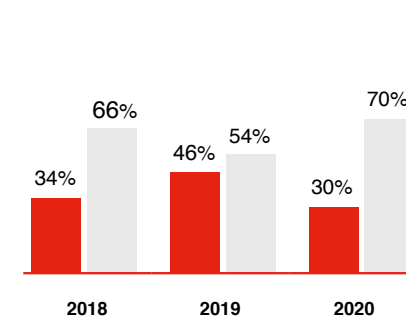
**Employees by gender**



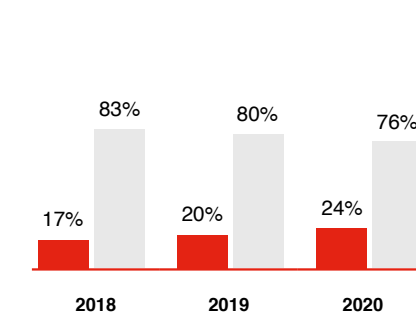
**Promotion rate by gender**



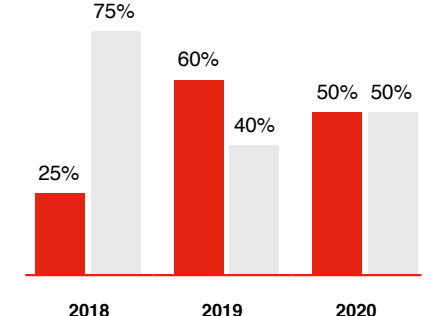
**New recruitment rate by gender**



**Mid-level manager ratio by gender**



**Executive-level manager ratio by gender**



■ WOMAN    ■ MAN

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## Equal Opportunity and Diversity

Tat Gıda evaluates employees based on objective criteria with a management approach free of all discrimination and prejudice. The Company strives to offer equal opportunity to employees at all levels.

In 2015, Koç Holding signed the Equality At Work Declaration to ensure equality at all levels throughout the Group. Then, 30 Group companies along with Koç Holding became signatories of the Women's Empowerment Principles (WEPs). Koç Holding is one of the 10 Influential Leaders of the HeForShe movement by the UN Women. These initiatives proactively aim to increase women's employment.

Tat Gıda stands behind the “HeForShe” initiative that is supported by the Koç Group globally. Accordingly, it primarily strives to create workplaces that offer social gender equality so that female employees find more chances for training and development, grow their careers and enjoy equal opportunities. The Company provides social gender equality training to raise awareness regarding the issue for the employees.

## Talent Management

We support our employees through development programs to raise new leaders in Koç Group, allow employees to improve themselves, and create added occupational and social value. As such, we provided 2,642 hours and 5,913 hours of training for the office and the field personnel, respectively in 2020.

In addition to the current programs, we carry out various development programs for employees that promise potential and keep constant track of their personal development plans.

Tat Gıda considers hands-on learning activities, project assignments and rotations as an addition to the training programs as part of the growth management drives. All employees can take advantage of the various learning resources from home or at work, thanks to the “Koç Academy” on the Koç Group intranet portal.

## Occupational Health and Safety

We take all measures and present opportunities to ensure employee safety and offer a productive work environment at our workplaces and business processes.

Tat Gıda Employees	2018	2019	2020
Injury Rate (IR)	51.74	60.7	28.42
Occupational Illness Rate (OIFR)	0	0	0
Incident Frequency Rate (LFITR)	64.33	75.13	43.82
OHS Training Hour (employee*hour)	3120	1465	7189

Occupational health and safety experts and on-site doctors who are assigned on all locations monitor all processes instantaneously and take the necessary actions.

Our occupational health and safety policy is based on providing the employees a safe work environment to carry out their duties and minimizing any occupational health risks. Tat Gıda handles the occupational health and safety with a holistic approach and expands this integrated approach throughout all plants.

We aspire to increase the level of information and awareness on occupational health and safety also at the subcontractors from which we receive services. There were no fatal accidents at Tat Gıda or subcontractors between 2014 and 2020. The occupational illness rate has been zero for the past three years of operation both Tat Gıda and at the subcontractors it works with.

The Company provides training to increase the level of awareness on occupational health and safety for the employees. It also develops campaigns and rewards good ideas.

## KÜÇÜK İHMALLER BÜYÜK KAZALARA YOL AÇAR.

İş sağlığı ve güvenliği kurallarına uygun çalışma alanlarımızla, iş sağlığı ve güvenliği uzmanlarımızla güvenli koşullarda çalışabilmen için gereken bütün önlemleri alıyoruz. Olası tüm riskleri değerlendirip tehlikeli durumlara mahal vermeden önüyoruz.

Senin de aldığımız bu önlemlere dikkat ederek, kurallara uyarak çalışma arkadaşlarını ve kendini koruyacağını biliyoruz. Çünkü bizim için her zaman, önce sağlığın ve güvenliğin gelir.

İş birliğinin için teşekkür ederiz.

İş sağlığı ve güvenliği üzerine hazırladığımız videoya [buradan](#) ulaşabilirsin.



**tat** Düzey

**İşin Özü**

## Supply Chain Sustainability

Tat Gıda expects all suppliers to abide by the Supply Chain Policy principles that are created based on national and international integrity, respectability, transparency, ethical conduct, and laws.

The policy principles are established based on the United Nations Global Compact, the International Labor Organization (ILO) Conventions, and national laws.

We keep a close eye and apply to current business processes the decisions and practices that may affect business practices that are established on national and international platforms.

With operations at home and abroad, Tat Gıda puts emphasis on providing consumers with superior, tasty and healthy products without interruption in all regions.

## Ethics and Compliance

Tat Gıda runs its business through transparent management approach without abandoning fundamental human rights and ethical values in business processes.

Tat Gıda and all Koç Group employees and managers employ the Ethical Principles fully as they consider themselves as an integral part of the Koç Group's Ethical Principles.

Our founder Vehbi Koç put forth: “We follow the principle of always acting in good faith and abiding by the laws and moral rules for fair and mutually beneficial results in our dealings.” With inspiration from the words of our founder, Tat Gıda put together the “Code of Ethics and Code of Conduct” to share with all stakeholders the principles that guide its business model. The “Code of Ethics and Code of Conduct” document, which also includes anti-bribery, is provided to all employees, and it is accessible to them and the stakeholders on the Company's intranet and the website. New Tat Gıda employees learn about the Code of Ethics and Code of Conduct, including anti-bribery matters, as part of the orientation process.

## Anti-Bribery and Corruption

In line with the Code of Ethics and the Anti-Bribery and Corruption Policy, the Company runs business processes transparently according to the required procedures without any compromises.

The current personnel directive considers bribe and corruption as a direct cause for termination of employment contract. The directive is shared with every employee and also published on our website for public disclosure.

## Personal Data Protection and Data Security

Tat Gıda has set forth the principles in accordance with the Personal Data Protection Policy and discloses them to the public with approval from the senior management.

The Personal Data Protection Policy of Tat Gıda that is outlined in Part Nine is one of the most essential priorities of the Company. Pursuant to the Policy, we ensure transparency by providing advice on the data processed by the Company to our customers, potential customers, prospective employees, company shareholders and executives, visitors, and employees, shareholders and executives of the organizations we work with, as well as third parties.

All infrastructure investments have been completed and relevant practices are now in place with regard to the protection of personal data. Periodic audits take place regarding the protected data and operation processes.

## Digital Agriculture

As one of Turkey's leading food companies, Tat Gıda pioneers agricultural digitalization and modern practices.

Since 2016, Tat Gıda forges ahead to advance Turkey's industrial tomato agriculture through the "Tomato Leaders" project with a focus on farmer development, communication and digitalization in tomato farming and agriculture. With the strategic priority of agricultural digitalization, Tat Gıda stands out with "digital agriculture" initiatives with its leading role in the industrial tomato agriculture. Tat Gıda veri toplamadan yorumlamaya, mekanizasyondan uzaktan takibe yönelik farklı dijital çözümleri; önce pilot projelerle, devamında ise yaygınlaştırma projeleri ile hayata geçirmektedir. The technological infrastructure and monitoring systems correlate the data obtained from the field and product performance. Meanwhile, the practices put in place to provide solutions for

improving communication with farmers and supporting their development.

Tat Gıda has made over 2 million Turkish lira of investment on digital agriculture technologies. The Company aims to maintain digital agriculture technology investments in the coming years. Large-scale data collection, decision support systems and mechanization are slated as the primary investment areas.

Working to develop tomato farming since 1967, Tat Gıda always supports farmers with 10 agricultural engineers, 10 agricultural technicians, and agricultural teams by using the latest technological developments in tomato farming.



## Digital Agriculture Field Technologies and Their Scope Have Expanded

In 2018, Tat Gıda started tomato farming with the "Digital Agriculture Field" concept to utilize and popularize digital technologies in agriculture and lead the development of industrial tomato farming within this context. In 2019 and 2020, the application area was expanded, and digital agriculture solutions and applications were used on an approximately 2,100-decare area.

Within the scope of this agriculture activities concept, the digital solutions and good agricultural practices used in Tat Digital Agriculture Field helped increase the average yield per decare in the region to 10-11 tons per decare from 7-8 tons. Also, the cost of cultivation per 1 ton of tomato was 30% lower than the regional average.

## Supporting the Farmers as Always with Digital Field Day

The third traditional "Tat Digital Field Day", which has evolved into an ecosystem day in the digital transformation of industrial tomato farming, was held in July. Held with a limited number of participants due to the pandemic, the event attracted great attention from solution partners and farmers. On Digital Field Day, Tat Gıda and its solution partners shared up-to-date digital agriculture solutions that they have used. Expert companies in the field participating in the event had informed farmers on solutions and technologies, such as controlling and spraying fields with drones, phytosanitary monitoring with satellite and image processing



technologies, smart irrigation techniques, automatic steering system, agricultural climate, and early warning stations, digital soil analysis devices, field sensors, hoeing machine with autonomous steering, pest tracking with pheromone traps using cameras, and tomato cultivation area detection and yield estimation

from a satellite. In addition, farmers were informed and guided on Good Agricultural Practices, nature preservation, environmental risks, and sustainable agriculture.

## PROJECTS IN DIGITAL AGRICULTURE WERE AWARDED

With its projects within the field of digital agriculture; Tat Gıda, in 2020, was awarded the "Best Project Award" in the "Supply Chain Management" category of the 7th "Sustainable Business Awards" organized by the Sustainability Academy.



## PROJECTS WITHIN THE SCOPE OF DIGITAL AGRICULTURE



### Satellite imagery:

Satellite imagery tracks tomatoes growth and guides farmers. Furthermore, some projects are carried out to collect data from soil and air assessment about factors that affect plant development such as soil structure, temperature, humidity and ground conductivity and to establish the cause and effect relationship by monitoring fields. Under this system, plant health is analyzed with the NDVI algorithm. Plant health is periodically monitored and farmers are guided thanks to the analysis software, which indicates whether plants are healthy with color codes on the image of the field. In 2020, 167 (8,427 dekar) fields were tracked with satellite imagery and image processing technology.



### Sensor based automated irrigation system:

74% of the water used in Turkey is used in agricultural irrigation. Nearly 65% of the irrigated fields in Turkey use surface irrigation methods (basin irrigation, border irrigation, furrow irrigation, uncontrolled irrigation), and 35% of them use pressurized irrigation methods (drip and sprinkler irrigation). Drip irrigation application is about 15-20%. With its drip irrigation system, Tat Gıda provides significant water savings by using irrigation water effectively. Also, irrigation is automatically directed by monitoring the air and soil moisture with sensors.



### Hoeing machine automatic steering system:

Tat Gıda carried out a study in 2020 to upgrade its technology to increase the competence and usability of the hoeing machine attached to the back of the tractor used for its agriculture fields. In its current state, three personnel are required to control and manage the hoeing machine connected to the back of the tractor, a driver, a steersman, and an aligner. The hoeing machine is equipped with automatic steering and alignment capability, allowing the equipment to be controlled directly by the tractor driver. Automatic steering capability has been added to the equipment as a wearable option, and manual use is left as an option in accordance with the selection. With this project, the number of personnel needed for the hoeing process decreased to 1, and the hoeing time was shortened by 20%. This study was carried out on a demonstration level in 2020 and in 2021, it will be used as a pilot in all fields where Tat Gıda cultivates its agriculture.



### Drone imagery:

Drones are used to track plant development by taking images in large areas where manual tracking is troublesome. The plan is to spray areas that are at risk, determined by a tracking system that includes imagery and image processing technologies, with drones.



### Agricultural climate stations and early warning systems:

Tat Gıda can forecast the local weather through its 4 climate tracking stations and analyze the risk of diseases that could affect tomatoes. The risk of diseases detected as a result of the data gathered and analyses done by these stations is sent to our farmers via the "Leader Farmer" app.



### Digital pheromone trapping system:

It is a system by which pests are monitored and changes in the population can be analyzed without going to fields, with remote access. In this system, biological pheromones placed in specific parts of fields emit an odor that attracts pests, and the number of trapped pests is tracked with automated monitoring systems.



### Soil analysis:

Fields can be analyzed on site with digital soil analyzers. Results of the analysis are obtained in ten minutes, whereas before this process took weeks. These analyses aim to fertilize correctly and thus increase yield.



### Tomato cultivation area estimation and harvest projection:

Since 2018, Tat Gıda has been working on determining industrial tomato cultivation areas and estimating the harvest tonnage with satellite images and field confirmations. The studies started on a pilot scale in the Karacabey plain and yielded results with an accuracy of 75% in the first year. The accuracy of the data produced exceeded 85% in 2019 and 90% in 2020. In 2020, with the addition of the Karacabey Plain, Gediz Plain, and cultivation areas in the intermediate regions for tomato paste production, nearly 160,000 decares of tomato production area have become traceable. Tat Gıda is planning to expand its food cultivation area detection, harvest projection, and yield forecasting studies to cover at least 80% of the tomato paste production areas in Turkey, by 2022.



### Irrigation suggestion system based on satellite tracking:

Within the scope of the pilot project that Tat Gıda started in 2020 to realize more accurate and effective drip irrigation applications in its agriculture fields, an 1,845-decare area was monitored via satellite and irrigation suggestions, depending on the general condition of the fields, started to be received with high accuracy through a decision support system. With the irrigation suggestion system, in fields of 10 decares and above, on a field basis, situations that directly affect the yield and health of fields, such as which area of the field should be irrigated and how much, whether there is an onset of drought, and determining ponding conditions were detected in advance and necessary precautions were taken.



## CORPORATE GOVERNANCE



**TAT GIDA ADOPTS AN ECO-FRIENDLY PRODUCTION APPROACH WITH RESPECT FOR NATURE AND PURSUES PROFITABLE AND SUSTAINABLE GROWTH WHILE TAKING INTO ACCOUNT EXPECTATIONS OF THE CONSUMERS AND STAKEHOLDERS.**

## Risk Management

### a. Capital Risk Management

The company aims to maximize its profits by maintaining an optimal debt to equity balance in an effort to sustain operational continuity. The capital structure of the company

comprises of its debts including loans and its equity items including, in order of importance, cash and cash equivalents, issued capital and reserves as well as prior period retained earnings.

The company's objective in managing its capital centers around sustaining the optimum capital structure that provides returns to shareholders and reduces its cost of capital simultaneously, ensuring the continuity of company's operations.

### b. Financial Risk Management

The company is exposed to market risks, credit risks and liquidity risks given its operational activities. The risk management program of the company focuses on the minimization of potential adverse effects of the uncertainties in the market in general and on the company's performance.

Risk management is overseen by the Risk Management Committee in line with the policies approved by the Board of Directors.

### Information on the Early Detection of Risk as well as the Work and Reports of the Risk Management Committee

Taking into account the provisions stipulated by Turkish Commercial Code No. 6102 and the Capital Markets Board's Corporate Governance Principles, the Board of Directors of our company resolved to form a Risk Management Committee in its meeting held on July 25, 2012, to help provide the Board of Directors with the recommendations and suggestions it needed to ensure early detection of risk and to establish an effective risk management system. In its meeting held on March 31, 2020, the Board of Directors appointed M. Sait Tosyalı, an Independent Member of the Board of Directors, to chair the committee, and İbrahim Tamer Haşimoğlu, member of the Board of Directors, as a member.

The objective of the Risk Management Committee is to ensure the early detection, assessment and calculation of the effects and possibilities of risks of any kind, be it strategic, operational, financial, legal or otherwise that could threaten the company's existence, development or continuity; managing and reporting these risks in accordance with the institutional risk-taking profile of the company; implementing the necessary measures to counter the risks detected; taking such risks into consideration in

the decision making processes, and forming and integrating effective internal control systems to address such issues and providing recommendations and suggestions to the Board of Directors in that regard. The Committee convened eight times throughout the operating cycle, and the meeting results are submitted to the Board of Directors in the form of the minutes of the meeting.

### Forward-looking Risks Involving Sales, Productivity, Revenue Generation Capacity, Profitability, Debt/Equity Ratio and Similar Topics

The Company takes necessary actions to minimize the credit, market and liquidity risks that it is exposed to as part of its risk management policy. The Company sign annual contracts for the supply of tomato and milk to eliminate the supply risks of agricultural raw materials.

The Company's 2020 sales were up 45 percent in the continuing operations compared to 2019. Net profit in continuing operations were up 87 percent and reached to TL 71 million. The net profit in discontinued operations were up 253 percent and reached to TL 167 million. The net financial debt to equity capital ratio is 0.26. There are no significant forward-looking risks referred to the Board of Directors level.

### Internal Control System and the Internal Audit Activities

The Internal Control System established within the Company aims to ensure efficiency and effectiveness of the activities, the reliability of the financial reporting system and its compliance with legal regulations. The Internal Control System consists of the standard definitions, job descriptions, authorization system, policies and written procedures that are included in the workflows.

### Opinion on the Internal Control System and the Internal Audit Activities

The Internal Audit unit regularly monitors the Internal Control System and evaluates its effectiveness. The Audit Committee is periodically briefed about the Internal Control System and Internal Audit activities.

### Disclosures on Auditing

In 2020, the Tax Inspection Board conducted a full review on corporation income tax, VAT, special consumption tax, and stamp duty for 2018.

### Audit Committee Activities

At our company, the operating principles of the Audit Committee was revised on March 28, 2019 after a comprehensive review of the changes in Capital Markets Board regulations, ensuring the administration of accounting and reporting systems in accordance with the related laws and regulations, disclosure of financial information to the public, and supervision of administration and effectiveness of the independent audit and internal control system.

We have not received any official notification following the routine audits by various institutions in 2020.

The Audit Committee convenes at least four times a year on a quarterly basis, and the outcome of these meetings is presented to the Board of Directors in the form of the minutes of the meeting. The committee immediately reports to the Board of Directors, in writing, any observations or suggestions related to its sphere of activity and responsibility.

The Committee in Charge of the Audit function reviews and evaluates the observations communicated to the committee by the independent audit company within the scope of independent audit activity, key issues involving the accounting policy and practices of the company, available alternative practices and public disclosure options communicated by the independent auditor to the company's management earlier in accordance with the CMB's accounting standards and accounting principles, along with their outcome and consequences as well as any implementation suggestions and other significant correspondence with the company's management.

After consulting with the company's executives and independent auditors on whether annual and interim financial statements to be disclosed to the public true, accurate and fair, complying with the accounting principles followed by the company, the Audit Committee reports to the Board of Directors its findings in writing, incorporating its own assessment.

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## Corporate Governance Disclosures

### PART I

#### Corporate Governance Principles Compliance Statement

The Company adopts and implements to a large extent the “Corporate Governance Principles” that were first disclosed to the public on July 2003 by the Capital Markets Board (CMB). In 2020, there is full compliance with the compulsory principles of the “Corporate Governance Communiqué” No. II-17.1, as well as with most of the non-compulsory principles. The Company also pursues full compliance with the non-compulsory Corporate Governance Principles. However, full compliance on this matter has not been achieved as yet due to difficulties in applying some of the principles, ongoing discussions on compliance with some principles both at home and abroad, and the impracticality of some of the principles with the market conditions and the Company’s current state. Principles not yet put into practice are currently under study, with implementation planned after all administrative, legal and technical infrastructure work that would contribute to the effective management of our company is completed. Out of the Corporate Governance Principles that are not mandatory as per the regulations, the key principles that are not yet fully complied with are stated below and further explanations on the subject are given in the related sections below. There is no conflict of interest our company has been exposed to due to partial

compliance with the non-mandatory principles.

With regard to the principle No. 1.3.10, a separate agenda item was created at the General Assembly with details of the largest donation stated in the meeting minutes. The sum that was not disclosed in the meeting minutes consists of various donations below 50,000 Turkish lira that are made to different institutions and organizations are insignificant for the investors in terms of disclosure. Donations below this amount are not monitored by our investors and in the coming years, disclosure will be made within the stated significance limit.

Concerning Principle 1.5.2: even though no minority rights have been granted to shareholders with less than one-twentieth of a share as per the Articles of Association, such minority rights have been granted under the general provisions in line with general practices. There were no request from the investors in this way. The Company follows the general best practices and does not foresee any changes in this regard in the near future.

With regard to the principle No. 4.3.9, providing diversity in terms of knowledge, experience and perspective at the Board of Directors contributes positively to the company’s operations and the effective conduct of the Board of Directors. The current structure of the Board of Directors reflects this point of view. Although there is no gender quota for women on the

Boards of Directors, the ratio of women board members is over 25 percent.

With regard to the principle No. 4.4.1, a physical meeting did not take place due the to COVID-19 pandemic, the members of the Board of Directors were regularly informed about the Company’s performance and developments, and all of the resolutions were made by obtaining the written approval pursuant to Article 390 of the Turkish Commercial Code.

With regard to the principle No. 4.4.2, no minimum time limit was set for submitting relevant information and documents for review by the members of the Board of Directors before meetings. However, the time of presenting the information to the board members is determined by considering the subject and process on the agenda of the Board of Directors and the members are informed within a reasonable time period.

Regarding principle No. 4.4.5, while there are procedures on how to run board meetings that have been followed by our company consistently for years, there are no written internal regulations on this matter. Considering the effective work of the Board of Directors, there is no need for an internal adjustment in the near future.

Regarding principle No. 4.4.7, the members of the Board of Directors are committed to allocating the time required for corporate affairs and there are no restrictions on the assignment of any

duties outside the company. Particularly because of the significant contribution made by the independent members to the Board of Directors in terms of their work and sector experience, no such limitation is needed. The annual report contains the professional background information of the members of the Board of Directors. Considering the effective work of the Board of Directors, there is no need for an internal adjustment in the near future as there is no negative impact on corporate governance.

With regards to the principle No. 4.5.5, appointments to committees are made in accordance with the relevant regulations and knowledge and experience of our board members, and some of our board members are assigned in more than one committee. The members of Board of Directors serve in multiple committees. Members assigned in different committees provide communication between the committees about related matters and increase the opportunities for cooperation.

With regard to the principle No. 4.6.1., taking into consideration that the Board of Directors was regularly and transparently informed about the Company’s performance and developments and that all the resolutions during the year were executed on time according to the Company’s strategic goals. Thus, it is decided that the Board of Directors have provided the proposed benefits by its work.

With regards to the principle No. 4.6.5., payments made to the members of the Board of Directors and managers with administrative responsibilities are disclosed to the public collectively at the Ordinary General Meeting and in our footnotes to the financial statements. The Company keeps a close eye on matters that are deemed important regarding the

privacy of personal data and proposes to act in parallel with general practices.

There is no conflict of interest our company has been exposed to due to partial compliance with the non-mandatory principles.

2019 Corporate Governance Compliance Report (CGCR) and Corporate Governance Information Form (CGIF) prepared in accordance with the CMB Resolution No. 2/49 dated January 10, 2019, and approved by our company’s Board of Directors are attached to the annual report (page 69-82) and can also be viewed from our company’s corporate governance page on the Public Disclosure Platform.

### PART II

#### Shareholders

##### 2.1. Investor Relations Department

Relations with the shareholders at Tat Gıda Sanayi A.Ş. are managed by the responsible unit established within the Office of the Chief Financial Officer. The Investor Relations Report prepared on the activities performed by the Investor Relations Department was approved by the Corporate Governance Committee on February 17, 2021, and presented to the Board of Directors. Investor Relations department and contact information below:

##### 2.2. Use of Shareholders’ Right to Information

No discrimination is made between the right of the shareholders to receive and review information, and all information other than trade secrets is shared with shareholders. Questions to the Investor Relations Unit are answered

in writing, with the exception of questions concerning confidential and trade secret information, which are answered by talking to the person who is most concerned about the issue. As explained in Section 3.1 of this report, all information and explanations that may affect the use of shareholder rights are included on the corporate website.

##### 2.3. General Shareholders’ Meeting

The 2020 Ordinary General Meeting of Shareholders was held on March 19, 2020. Minutes of the General Meeting of Shareholders are made available on our website and on the Electronic General Shareholders’ Meeting Portal of the Central Registry Agency. These minutes are made available at the company headquarters for the review of shareholders and are provided on demand as well. At the General Meeting of Shareholders held in 2020, information on donations and grants/aids made in 2019 was given in a separate agenda item and the donation limit for the year 2020 was set at 0.2 percent of the previous year’s revenues, with no changes made to the donation policy. Some of the shareholders, board members, and managers with administrative responsibilities as well as their spouses and up to the second degree blood and marital relatives of those who have management control of the company, are also members of the board of directors or executives of some other Koç Group companies, including those engaged in similar business activities as our company. In 2020, there was no significant transaction that could cause conflict of interest between such persons and publicly held companies or their affiliates within the scope of the Corporate Governance Communiqué No. 1.3.6.

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**2.4. Voting Rights**

No privileges have been instituted in the Articles of Association of our company for the use of voting rights.

**2.5. Minority Rights**

Even though no arrangements have been made regarding minority rights in our Articles of Association, we give utmost care to consider minority rights in accordance with the regulations of TCC and CMB. In 2020, our company did not receive any criticism or complaints in this regard.

**2.6. Right to Dividends**

Our company has not instituted any privileges in regards to dividend distribution. Announced to the public by our company and explained to our shareholders at the General Meeting of Shareholders, our dividend distribution policy is applied within the framework of Article 19 of the Articles of Association regarding the "Determination and Distribution of Dividends." Pursuant to the company's Articles of Association, the Board of Directors may declare and distribute dividend advances provided they are authorized by the General Meeting of Shareholders and that they act in compliance with the Capital Markets/CMB Law and the regulations issued by the CMB on the subject. The authorization granted to the Board of Directors by the General Meeting of Shareholders is limited to the year for which this authority was granted. Pursuant to our Dividend Distribution Policy proposed to the shareholders at our March 19, 2020, Ordinary General Meeting of Shareholders to be applicable for 2020 and used as

a general principle, 20 percent of the distributable net income (DNI) at the least shall be distributed in the form of cash and/or bonus shares, calculated in accordance with the Capital Markets Board's communiqués, provided that it is permitted by relevant regulations and funded through available financial means or otherwise the resources stipulated by our legal records, by taking into account our company's long term strategies, investment and financing policies, profitability and cash position.

**2.7. Transfer of Shares**

The Articles of Association of our company do not contain any stipulations that prevent shareholders from freely transferring their shares nor any provisions that restrict share transfer. The Capital Markets Board's regulations apply to the transfer of the company's registered shares traded on the stock exchange.

**PART III****Public Disclosure and Transparency****3.1. Corporate Website and Content**

The company's website (<http://www.tatgida.com>) is actively used for public disclosure. The website contains current and historical information in Turkish and English. A separate Investor Relations section is provided on the website to provide more comprehensive information flow to existing and potential investors and brokerage institutions. The information stipulated by the CMB Corporate Governance Principles is also made available to the investors on the website.

**3.2. Annual Report**

Our company's annual report is prepared in accordance with all relevant legislation in enough detail to ensure the public's ability to obtain full and accurate information about the activities of the company.

**PART IV****Stakeholders****4.1. Informing the Beneficiaries**

The stakeholders of the company are informed by inviting them to the meetings as needed or through various telecommunication tools. The Audit Committee reviews and concludes any complaints received by the company in relation to the accounting, reporting and internal control systems and the independent audit processes of the company. The company evaluates the notifications made to employees on matters of accounting, reporting, internal control and independent auditing within the framework of the confidentiality principle.

**4.2. Participation of Beneficiaries in Management**

Even though there is no specific mechanism for stakeholder participation in management, the views and suggestions expressed by the stakeholders are taken into account by our management to the extent that they overlap with our long-term strategies. The views and consensus of the worker's union on working conditions, work environment and employee rights are taken into consideration and all decisions are formed together. In addition, we have a non-discriminating

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suggestion system in place that can be used by all our employees for all activities. Even though the employee participation in management is not specified in the Company's Articles of Association and regulations, colleagues, whether a union member or not, participate in the company management in various ways. We seek our employees opinions with the annual Employee Engagement Survey where we ask open-ended questions to them anonymously. Furthermore, we share information related to the company and get our colleagues' opinions and comments with various communication meetings. Our company organizes meetings with customers and suppliers during the year to promote the mutual exchange of ideas. We work on the recommendations of our customers and suppliers that we receive at these meetings. Improvement efforts are carried out for customer and supplier satisfaction.

**4.3. Human Resources Policy of the Company**

Within the scope of our human resources policy, the criteria for recruitment and promotion mechanisms have been determined in writing. Human Resources process aims to:

- Recruit people who will advance the Company into the future,
- Establish fair wage policies,
- Review personal performance,
- Reward and recognize accomplished employees,
- Constantly improve employee competencies and maintain our leadership in global competition by adhering to the principles on ensuring training and development of the employees in line with the Company's goals and business requirements.

The functioning of the human resources systems established for this purpose is defined through the relevant procedures and are communicated to all employees.

The necessary communication with all the employees regarding Human Resources Strategies and Policies is carried out by the Human Resources Department.

Tat Gıda respects workers' right to unionize. The Company signed the 26th Collective Labor Agreement with Tekgıda-İş Sendikası February 11, 2021 to be effective between January 1, 2021 and December 31, 2022. During the year, no employee complaints were received by our Human Resources department or by the Company Ethics Board for any discrimination practice.

**4.4. Code of Ethics and Social Responsibility**

The booklet on the "Principles of Ethical Practice and Code of Conduct," published on September 24, 2010, and distributed to all employees, was signed by every employee hired in 2020 and the practice is continued.

The company aspires to conduct its business responsibly by consistently improving environmental performance in production with all environmental dimensions taken into consideration in compliance with all relevant legislation and regulations. Necessary measures are taken in production in order to conserve natural resources and reduce waste production and to constantly monitor and preserve air, water and soil characteristics. Preventive operations are undertaken at the source of pollution, and improvements are made to minimize gas, liquid and solid waste to below the legal limits. Awareness-

raising trainings are given to employees on environmental issues, and joint social responsibility projects are undertaken with the schools and municipalities in the regions in which we operate.

**PART V****Board of Directors****5.1. Structure and Formation of the Board of Directors**

The Board of Directors defines the objectives of the company and supervises the company management's performance in terms of its compliance with legislation and the policies set forth in accordance with the Articles of Association. The Board of Directors of our company is structured in accordance with the provisions of Articles 11, 12 and 13 of our Articles of Association.

Tat Gıda Sanayi A.Ş., appointed an Assistant General Manager in charge of Financial Affairs and Finance to set the agenda of the Board of Directors meetings, prepare the resolutions of the Board of Directors to be taken as per the provisions of Article 390 of the TCC, and inform the members of the Board of Directors in this regard. The Board of Directors physically convenes when necessitated by the businesses of the company in accordance with the Turkish Commercial Code and the relevant articles of our Articles of Association; also, when necessary, the decisions are taken by obtaining the written approval of a majority of all members as pursuant to Article 390/4 of the Turkish Commercial Code. Twenty decisions were taken by the Board of Directors in 2020, in this context. The duties of the Nomination Committee in our company are fulfilled by the Corporate Governance Committee.



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Board Member's Full Name	Independence Status	Date of Appointment	Term	Duties on the Board and Committees	Duties Outside the Company
Semahat S. Arsel	Not an Independent Member	19.03.2020	Until the Ordinary General Meeting of Shareholders	Chairman	In-group - Chairman or Member of the Board of Directors
Rahmi M. Koç	Not an Independent Member	19.03.2020	Until the Ordinary General Meeting of Shareholders	Deputy Chairman of Board of Directors	In-group - Chairman or Member of the Board of Directors
Ömer M. Koç	Not an Independent Member	19.03.2020	Until the Ordinary General Meeting of Shareholders	Board of Directors	In-group - Chairman or Member of the Board of Directors
Ali Y. Koç	Not an Independent Member	19.03.2020	Until the Ordinary General Meeting of Shareholders	Board of Directors	In-group - Chairman or Member of the Board of Directors
Caroline N. Koç	Not an Independent Member	19.03.2020	Until the Ordinary General Meeting of Shareholders	Board Member	In-group - Chairman or Member of the Board of Directors
Levent Çakıroğlu	Not an Independent Member	19.03.2020	Until the Ordinary General Meeting of Shareholders	Board of Directors and Corporate Governance Member	In-group - Koç Holding A.Ş. CEO and Board Member
Tamer Haşimoğlu	Not an Independent Member	19.03.2020	Until the Ordinary General Meeting of Shareholders	Board of Directors and Risk Management Committee Member	In-group - Koç Holding A.Ş. Turizm, Gıda ve Perakende Group Head
F. Füsün Akkal Bozok	Independent Member	19.03.2020	Until the Ordinary General Meeting of Shareholders	Board of Directors, Audit/Oversight Committee and Corporate Governance Committee Member	Non-group – Akiş GYO, Bizim Toptan and Izocam A.Ş. Independent Board Member In-group – Ford Otomotiv Sanayi A.Ş. Independent Board Member
M. Sait Tosyalı	Independent Member	19.03.2020	Until the Ordinary General Meeting of Shareholders	Board of Directors, Audit/Oversight Committee and Risk Management Committee Member	In-group – Yapı Kredi Koray A.Ş. Independent Board Member
Takashi Hashimoto	Not an Independent Member	19.03.2020	Until the Ordinary General Meeting of Shareholders	Board Member	Non-group – Kagome Co. Ltd. Production and Purchasing Department / Administrative Executive Manager
Arzu Aslan Kesimer	Not an Independent Member	19.03.2020	Until the Ordinary General Meeting of Shareholders	Board Member/General Manager	In-group - Board Member

The number of independent candidates nominated by the Corporate Governance Committee for the year 2020 was two, and their nominations and resumes were evaluated at the February 14, 2020,

meetings of the Board of Directors and the Corporate Governance Committee, respectively, and it was resolved that all candidates should be appointed as independent candidates. All Independent Members of the Board of Directors submit a declaration of independence to the Corporate Governance Committee.

## 5.2. Operating Principles of the Board of Directors

The company's Board of Directors conducts its business in a transparent, accountable, fair and responsible

manner. The powers and responsibilities of the members of the Board of Directors are determined in the company's Articles of Association.

Authorities are detailed in the signature circular of the company. Risks are addressed and assessed in detail in the prepared reports and at meetings. The risks that the company is exposed to are monitored by the Risk Management Committee and the Board of Directors is informed about these risks.

## 5.3. Number, Structure and Independence of the Committees Established Under the Board of Directors

Our company does not have committees other than the Audit Committee, the

Corporate Governance Committee and the Risk Management Committee. Within the scope of the related communiqué, all Audit Committee members were elected from independent members, the Chairmen of the Corporate Governance Committee and the Risk Management Committee were elected from the independent board members. Executive directors and the general managers are not appointed to the committees formed within the scope of the relevant communiqués. The working principles of the committees are determined and published on the company website. The committees invite to the meetings any managers relevant to the specific case if necessary within the scope of the working principles. They may get consulting services or independent expert opinion when they need it.

## 5.4. Risk Management and Internal Control Mechanism

The Risk Management Committee has been established to make recommendations and proposals to the Board of Directors for the purpose of establishing an effective risk management system by taking into account the provisions of Turkish Commercial Code No. 6102 and Capital Market Board Corporate Governance Principles. It consists of two members in total. The objective of the Risk Management Committee is to ensure the early detection, assessment and calculation of the effects and possibilities of risks of any kind, be it strategic, operational, financial, legal or otherwise that could threaten the company's existence, development or continuity; managing and reporting these risks in accordance with the institutional risk-taking profile of the company; implementing the necessary measures to counter the risks detected; taking such risks into consideration in the decision making processes, and forming and integrating effective internal control systems to address such issues and providing recommendations and suggestions to the Board of Directors in that regard. The committee convenes as often as required by the task assigned to it.

The Audit Committee operates in order to ensure proper functioning of the accounting and reporting systems within the framework of related laws and regulations, punctual public disclosure of financial information, supervision of the operation and effectiveness of independent audit and internal control system. It meets at least four times a year, on a quarterly basis, and the results of the meetings are presented to the Board of Directors. The committee immediately reports to the Board of Directors, in writing, any observations or suggestions related to its sphere of activity and responsibility.

## 5.5. Company's Strategic Goals

The mission, vision and values of our company have been prepared by the top management of the company and determined within the knowledge of the Board of Directors and published in the annual report and on the website. It is revisited and revised depending on developments. The work of the relevant units involved in the formulation and implementation of the company's strategic objectives is presented to the Board of Directors and followed up by the top management. At the meetings of the Board of Directors, which are held periodically, company targets and actual activities are followed in a way that covers the performance of the previous period. The current status of the company is reviewed and new targets and strategies are developed if necessary, depending on current circumstances.

## 5.6. Financial Rights

Our company's "Remuneration Policy for Members of the Board of Directors and Senior Managers," which includes all rights, benefits and remunerations provided to the members of the Board of Directors and senior executives, as well as the criteria and the remuneration principles used in their determination, has been submitted for review by our shareholders in the "Information Document" published on our corporate website three weeks before the general meeting of shareholders convened on March 25, 2014, and put into effect following the general meeting of shareholders. Disclosed to the public on the company's website and in the annual report and included in the agenda as an item of business, the current policy will also be submitted for review by the ordinary general meeting of shareholders to convene on March 19, 2021, where 2020 activities will be discussed. The

sum of the payments made within the framework of the Remuneration Policy for the Members of the Board of Directors and Top Management is evaluated annually by the Corporate Governance Committee and the Board of Directors. Payments made to the members of the Board of Directors and senior executives are announced to the public collectively in our financial statement disclosures in parallel with the general practices.

There are no transactions that would create a conflict of interest due to any company loans or advances given to or guarantees issued in favor of the Members of our Board of Directors or executives. Finally, as we end our report, we would like to express our gratitude to all our shareholders, customers, employees and all other persons and organizations that contribute to our company. We respectfully extend our best wishes to our shareholders, again hoping and wishing 2021 brings better days to our country.

## Corporate Governance Principles Compliance Report

COMPLIANCE STATUS						
	YES	PARTIALLY	NO	EXEMPT	UNRELATED	EXPLANATION
<b>1.1. FACILITATING THE USE OF SHAREHOLDER RIGHTS</b>						
1.1.2 - Information and explanations that may affect the exercise of shareholder rights are updated and made available to investors on the corporate website of the partnership.	X					
<b>1.2. RIGHT TO DEMAND INFORMATION AND REVIEW</b>						
1.2.1 - Company management refrained from making transactions that make it difficult to carry out special audits.	X					
<b>1.3. GENERAL MEETING OF SHAREHOLDERS</b>						
1.3.2 - The Company ensured that the general meeting agenda was clearly stated and each proposal was submitted under a separate title.	X					
1.3.7 - Those who have privileged access to partnership information informed the Board of Directors to ensure that they are informed at the general meeting of shareholders about the transactions they made within the scope of the partnership's activity and that this be included in the agenda.					X	There has been no notification of such a transaction.
1.3.8 - Members of the Board of Directors, other relevant people and officials and auditors responsible for the preparation of the financial statements were present at the general meeting of shareholders in regards to the special topics in the agenda.	X					
1.3.10 - In the agenda of the general meeting of shareholders, the amounts of all donations and charitable contributions and those benefiting from them were included in a separate article.		X				<i>Donations and assistance were addressed under a separate item on the general assembly agenda, and the details of the donations with the highest amounts were included in the general assembly information documents. A separate agenda item was included in the general assembly agenda for donations. Donations with the highest amount are detailed in the general assembly information document. The balance amount that is not detailed in the information document consists of various donations to various institutions and organizations, below 50,000 TL each and do not constitute important information for investors. Donations below this amount are not followed by our investors. It is planned to continue disclosure with this materiality limit in the following years.</i>
1.3.11 - The general meeting of shareholders was open to the public, including stakeholders and media, without the right to speak.	X					
<b>1.4. RIGHT TO VOTE</b>						
1.4.1 - There are no restrictions and practices that make it difficult for shareholders to exercise their voting rights.	X					
1.4.2 - The company does not issue shares with privileged voting rights.	X					
1.4.3 - At the general meeting of shareholders, the company did not exercise the rights to vote of any partnership with which it has a cross ownership relationship, bringing with it the controlling relationship.					X	There is no subsidiary relationship with our company which might lead to a dominant relationship.

	YES	PARTIALLY	NO	EXEMPT	UNRELATED	EXPLANATION
<b>1.5. MINORITY RIGHTS</b>						
1.5.1 - The company paid utmost attention to the exercise of minority rights.	X					
1.5.2 - Minority rights were also granted to those who have less than one-twentieth of the capital and the scope of minority rights was regulated and expanded in the Articles of Association.			X			Our Articles of Association contain no regulations regarding minority rights, but due diligence is performed to protect minority rights as per the Turkish Commercial Code and Capital Markets Board regulations.
<b>1.6. RIGHT TO DIVIDENDS</b>						
1.6.1 - The dividend policy approved by the general meeting of shareholders is disclosed to the public on the corporate website.	X					
1.6.2 - The dividend policy contains information that at least enables the shareholders to foresee the distribution procedures and principles of the profit that the partnership will generate in the future.	X					
1.6.3 - Reasons for not distributing profits and usage of undistributed profit are specified in the relevant agenda item.					X	Dividends have been distributed.
1.6.4 - The Board of Directors reviewed whether a balance was obtained in the dividend policy between the interests of the shareholders and the partnership.	X					
<b>1.7. TRANSFER OF SHARES</b>						
1.7.1 - There are no restrictions that make it difficult to transfer shares.	X					
<b>2.1. CORPORATE WEBSITE</b>						
2.1.1 - The corporate website of the company contains all the items in the Corporate Governance Principle No. 2.1.1.	X					
2.1.2 - Shareholding structure (names, privileges, number and rate of shares of real person shareholders with more than 5 percent of the issued capital) is updated at least every six months on the corporate website.	X					
2.1.4 - The information on the corporate website of the company was prepared in the required foreign languages with the same content as Turkish.	X					

	YES	PARTIALLY	NO	EXEMPT	UNRELATED	EXPLANATION
<b>2.2. ANNUAL REPORT</b>						
2.2.1 - The Board of Directors ensures that the annual report fully and accurately reflects the activities of the company.	X					
2.2.2 - The annual report contains all the elements included in the Corporate Governance Principle No. 2.2.2.	X					There are no legislative amendments that may significantly affect the operations of the company. There have been no conflicts of interest with service providers regarding activities such as ratings.
<b>3.1. COMPANY POLICY ON STAKEHOLDERS</b>						
3.1.1 - The rights of stakeholders are protected within the framework of relevant regulations, contracts and goodwill rules.	X					
3.1.3 - Policies and procedures regarding the rights of stakeholders are published on the corporate website.	X					
3.1.4 - Necessary mechanisms have been set up for stakeholders to report non-compliant practices and ethically dubious transactions.	X					
3.1.5 - The company handles conflicts of interest between stakeholders in a balanced manner.	X					
<b>3.2. SUPPORTING THE PARTICIPATION OF STAKEHOLDERS IN COMPANY MANAGEMENT</b>						
3.2.1 - Employee participation in management is regulated by the Articles of Association or internal regulations.	X					
3.2.2 - In major decisions that have consequences for stakeholders, methods such as questionnaires/consultation were used to obtain the views of stakeholders.	X					

	YES	PARTIALLY	NO	EXEMPT	UNRELATED	EXPLANATION
<b>3.3. HUMAN RESOURCES POLICY</b>						
3.3.1 - The company has adopted an equal opportunity principle for its employment policy and a succession plan for all key management positions.	X					
3.3.2 - Recruitment criteria are well-documented.	X					
3.3.3 - The company has a Human Resources Development Policy and accordingly organizes training programs for its employees.	X					
3.3.4 - Meetings were held to inform the employees about the company's financial status, compensation, career planning, education and health awareness.	X					
3.3.5 - Decisions that may affect employees were reported to them and to employee representatives. Opinions of the relevant unions were also received on these matters.	X					
3.3.6 - Job descriptions and performance criteria were prepared in detail for all employees, announced to the employees and used in remuneration decisions.	X					
3.3.7 - Measures such as procedures, training programs, awareness building, targets, monitoring and complaint mechanisms were taken to prevent discrimination among employees and protect them from internal physical, mental and emotional abuse.	X					
3.3.8 - The company supports the freedom of association and effective recognition of the right to collective bargaining.	X					
3.3.9 - A safe working environment is provided for employees.	X					

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	YES	PARTIALLY	NO	EXEMPT	UNRELATED	EXPLANATION
<b>3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS</b>						
3.4.1 - The company measured customer satisfaction and operated with an unconditional customer satisfaction approach.	X					
3.4.2 - When there is a delay in processing customer demands regarding their purchased products and services, this situation is notified to the customers.	X					
3.4.3 - The company adheres to quality standards regarding products and services.	X					
3.4.4 - The company has the controls to protect the confidentiality of its customers' and suppliers' sensitive information within the scope of trade secrets.	X					
<b>3.5. CODE OF ETHICS AND SOCIAL RESPONSIBILITY</b>						
3.5.1 - The Board of Directors established the Code of Ethics and published it on the corporate website.	X					
3.5.2 - The partnership cares about social responsibility. It took measures to prevent corruption and bribery.	X					
<b>4.1. FUNCTION OF THE BOARD OF DIRECTORS</b>						
4.1.1 - The Board of Directors ensures that strategies and risks do not threaten the long-term interests of the company and an effective risk management strategy is implemented.	X					
4.1.2 - The agenda and minutes of the meeting show that the Board of Directors discussed and approved the company's strategic targets, identified the required resources and that the management's performance was audited.	X					
<b>4.2. OPERATING PRINCIPLES OF THE BOARD OF DIRECTORS</b>						
4.2.1 - The Board of Directors documented its activities and presented them to the shareholders.	X					
4.2.2 - The duties and powers of the members of the Board of Directors are explained in the annual report.	X					
4.2.3 - The Board of Directors established an internal control system that is suitable for the scale of the company and the complexity of its activities.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system was provided in the annual report.	X					
4.2.5 - The duties of the Chairman of the Board of Directors and the Chief Executive Officer (General Manager) were separated and defined.	X					
4.2.7 - The Board of Directors work closely with the Investor Relations Department and the Corporate Governance Committee to ensure that the Board of Directors, the Investor Relations Department and Corporate Governance Committee work effectively, to resolve any disputes between the company and shareholders and to make the necessary communications to shareholders.	X					

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	YES	PARTIALLY	NO	EXEMPT	UNRELATED	EXPLANATION
4.2.8 - Regarding any damages that the board members may cause during their service, the company has taken out a management liability insurance for a price exceeding 25 percent of the capital.	X					
<b>4.3. STRUCTURE OF THE BOARD OF DIRECTORS</b>						
4.3.9 - The company set a minimum 25 percent target for the ratio of women members in the Board of Directors and established a policy to do so. The structure of the Board of Directors is reviewed annually and the process of selecting candidates is carried out in accordance with this policy.			X			It is assumed that the knowledge, experience and diversity of perspectives on the Board of Directors will contribute positively to the operations of the Company and well-functioning of the Board of Directors. Accordingly, the current board structure reflects this perspective. There is no policy for a minimum number of female members on the Board of Directors, but more than 25% of its members are female.
4.3.10 - At least one of the members of the Audit Committee has five years of experience in auditing/accounting and finance.	X					
<b>4.4. METHOD OF THE BOARD MEETINGS</b>						
4.4.1 - All board members attended most of the board meetings in person.					X	No physical meetings were held in 2020 due to the COVID-19 pandemic. However, members of the Board of Directors were informed about the performance and developments of the company at regular intervals, and all decisions were taken as per the disposition methods in Article 390 of the Turkish Commercial Code.
4.4.2 - The Board of Directors set a minimum time period for the information and documents related to the agenda items to be sent to all members before the meeting.			X			There is no such procedure. The timing for the submission of information to members of the Board of Directors is determined on the basis and procedures of the Board agenda, and notified to members within a reasonable period. Considering the effective functioning of the Board of Directors, the need for any such procedure in this regard in the near future has been deemed unnecessary.
4.4.3 - The opinions of the member(s) who could not attend the meeting but notified their opinions to the Board of Directors in writing were submitted for the information of the other members.					X	No notification has been made by the members of the Board of Directors for this purpose.
4.4.4 - Each member in the Board of Directors has one vote.	X					
4.4.5 - The operating principles of board meetings was written down with internal regulations.			X			Regarding the manner in which Board of Directors meetings will be held, our Company procedures have been maintained consistently for many years, and there is no specific written internal regulation in this regard.
4.4.6 - The board meeting minutes reveal that all items on the agenda were discussed and the decision minutes are prepared so that they will include dissenting opinions.	X					
4.4.7 - Other duties assumed by Board members outside the company were limited. The duties assumed by board members outside the company were presented to the shareholders at the general meeting of shareholders.		X				Due diligence is taken to ensure that the members of the Board of Directors allocate the necessary time for company business. No restrictions are in place for members to undertake other external task(s). There is no need for such a limitation, especially due to the significant contribution of independent members' professional experience and know-how to the Board of Directors. Resumes of the members of the board of directors are included in the annual report. In line with the effective work of the board of directors, no short-term change is foreseen in the current practice, which is determined to not cause any adverse event in terms of corporate governance.

	YES	PARTIALLY	NO	EXEMPT	UNRELATED	EXPLANATION
<b>4.5. COMMITTEES ESTABLISHED UNDER THE BOARD OF DIRECTORS</b>						
4.5.5 - Each board member serves in only one committee.			X			Members of more than one committee facilitate communication and increase cooperation among committees dealing with related issues. Considering the efficient work of the board members with the help of their know-how and experience, the existing committee structure is considered effectively and there is no need for a change in the near future.
4.5.6 - The committees invited to the meetings the people whom they deemed necessary and obtained their opinions.					X	Such a need was not discussed in 2020.
4.5.7 - Information on the independence of the person/ organization from whom the committee received consultancy services is included in the annual report.					X	Committees did not receive any consultancy services in 2020.
4.5.8 - A report on the results of the committee meetings was prepared and presented to the board members.	X					
<b>4.6 FINANCIAL RIGHTS PROVIDED TO MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVES WITH ADMINISTRATIVE RESPONSIBILITY</b>						
4.6.1 - The Board of Directors performed a performance evaluation to evaluate whether it fulfills its responsibilities effectively.	X					
4.6.4 - The company did not extend any credits, did not grant any loans or extend the term of the granted loan, did not improve the conditions and did not extend any credits under "personal credits" through third parties or did not stand surety for any board member or executive with administrative responsibility.	X					
4.6.5 - The remuneration given to each board member and manager with administrative responsibilities are explained in the annual report.			X			Payments for the members of the Board of Directors and senior executives are disclosed collectively in line with general practices in the Ordinary General Assembly and financial statement footnotes. Market practices are closely monitored on the issue that is considered important for the confidentiality of personal information, and it is assumed to take action in parallel with the widespread practice.

## Corporate Governance Information Form

<b>1. SHAREHOLDERS</b>	
<b>1.1. FACILITATING THE USE OF SHAREHOLDER RIGHTS</b>	<b>STATEMENTS / RELATED LINKS</b>
Number of investor conferences and meetings organized by the company throughout the year	4
<b>1.2. RIGHT TO DEMAND INFORMATION AND REVIEW</b>	
Number of private auditor requests	-
Number of private auditor requests accepted at the general meeting of shareholders	-
<b>1.3. GENERAL MEETING OF SHAREHOLDERS</b>	
Link to the PDP announcement of the information requested within the scope of Principle 1.3.1 (a-d)	<a href="https://www.kap.org.tr/tr/Bildirim/821060">https://www.kap.org.tr/tr/Bildirim/821060</a>
Whether the documents related to the general meeting of shareholders were submitted in English simultaneously with Turkish.	KAP announcements are made in Turkish. English translations of annual reports are made available at the general assembly meetings.
Links of the PDP announcements related to transactions without the approval of the majority of the independent members or unanimous vote of the participants within the scope of Principle 1.3.9.	There was no such transaction in 2020.
Links to the PDP disclosures related to the related party transactions made within the scope of Article 9 of the Corporate Governance Communiqué (II-17.1)	There was no such transaction in 2020.
Links to the PDP disclosures related to widespread and continuing transactions made within the scope of Article 10 of the Corporate Governance Communiqué (II-17.1)	<a href="https://www.kap.org.tr/tr/Bildirim/821811">https://www.kap.org.tr/tr/Bildirim/821811</a>
Name of the section on the company's corporate website including the donation and charitable contributions policy	Investor Relations / Corporate Identity and Management / Corporate Governance and Policies / Donation Policy
Link to the PDP disclosure including the minutes of the general meeting of shareholders in which the donation and charitable contributions policy was accepted	<a href="https://www.kap.org.tr/tr/Bildirim/830710">https://www.kap.org.tr/tr/Bildirim/830710</a>
Article number regulating the participation of stakeholders in the general meeting of shareholders in the Articles of Association	Given in Article 15 of our Articles of Association.
Genel kurula katılan menfaat sahipleri hakkında bilgi	Carried out publicly including beneficiaries and media who have no speaking rights at the general assembly.
<b>1.4. OY HAKLARI</b>	
Oy hakkında imtiyaz bulunup bulunmadığı	N/A.
Oyda imtiyaz bulunuyorsa, imtiyazlı pay sahipleri ve oy oranları	N/A.
En büyük pay sahibinin ortaklık oranı	43.70%

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1.5. MINORITY RIGHTS	
Whether minority rights are extended in the company's Articles of Association (in terms of content or ratio)	No.
If minority rights were extended in terms of content and ratio, please state the number of the relevant article in the Articles of Association.	-
1.6. RIGHT TO DIVIDENDS	
The name of the section on the corporate website containing the dividend policy	Investor Relations / Corporate Identity and Management / Corporate Governance and Policies / Dividend Distribution Policy
If the Board of Directors proposes to the general meeting of the shareholders not to distribute the profit, the agenda item minutes of the general meeting of the shareholders explaining the reasons and method of using the undistributed profit	Dividends have been distributed.
In case the Board of Directors proposes at the general meeting of shareholders not to distribute the profit, the link of the PDP disclosure including the minutes of the relevant general meeting of shareholders	<a href="https://www.kap.org.tr/tr/Bildirim/830710">https://www.kap.org.tr/tr/Bildirim/830710</a>
GENERAL MEETINGS OF SHAREHOLDERS	
Date of the general meeting of shareholders	19.03.2020
With the agenda of the number of annotation requests sent to the company regarding the general meeting of shareholders	-
Shareholders' participation rate in the general meeting of shareholders	63.30%
Percentage of shares represented in person	0.00%
Percentage of shares represented by proxy	63.30%
Name of the section on the Company's corporate website where the minutes of the general meeting of shareholders are posted, indicating the positive and negative votes regarding each agenda item	Investor Relations / Corporate Identity and Management / General Assembly Meeting / Meeting Minutes
Name of the section on the corporate website containing all the questions posed at the general meeting of shareholders and their answers	Investor Relations / Corporate Identity and Management / General Assembly Meeting / Meeting Minutes
Article or paragraph number of the related parties in the minutes of the general meeting of shareholders	Article 8
Number of people who notified the Board of Directors and have privileged access to partnership information (insider list)	0
Link to the notification of the general meeting of shareholders published in PDP	<a href="https://www.kap.org.tr/tr/Bildirim/821060">https://www.kap.org.tr/tr/Bildirim/821060</a>

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2. PUBLIC DISCLOSURE AND TRANSPARENCY STATEMENTS	
2.1. CORPORATE WEBSITE	STATEMENTS
Names of the sections on the corporate website containing the information requested in the Corporate Governance Principle No. 2.1.1	Investor Relations
The section on the corporate website containing the list of natural person shareholders, directly or indirectly holding more than 5 percent of the shares.	No real person shareholders' shares exceed 5%. This is presented on our company website in the Investor Relations / Corporate Identity and Management / Partnership Structure section.
Corporate website languages	Turkish / English
2.2. ANNUAL REPORT	
PAGE NUMBERS OR SECTION NAMES IN THE ANNUAL REPORT INCLUDING THE INFORMATION SPECIFIED IN THE CORPORATE GOVERNANCE PRINCIPLE NO 2.2.2.	
a) Page number or section name including the duties assumed by board members and executives outside of the company and declarations of independence of the members	Section V / Board of Management / 5.1. Structure and Formation of the Board of Management Independence statements are given on pages 32 and 33 of the annual report.
b) Page number or section name including the information regarding the committees established within the Board of Directors	Section V / Board of Management / 5.1. Structure and Formation of the Board of Management
c) Page number or section name including the number of Board of Directors meetings and members within the year and the members' status of participation in the meetings	Section V / Board of Management / 5.1. Structure and Formation of the Board of Management
d) Page number or section name including information about legislative changes that could significantly affect company activities	There are no legislative amendments that may significantly affect company operations.
e) Page number or section name including information about the major lawsuits filed against the company and possible consequences	Legal Statements / Other Legal Statements
f) Page number or section name including the information regarding the conflicts of interest between the company and the institutions from which it receives services such as investment consultancy and rating, and the measures taken to prevent them	Legal Statements / Other Legal Statements
g) Page number or section name including the information on mutual affiliates where direct participation in the capital exceeds 5 percent	There is no reciprocal shareholding with direct participation in the capital exceeding 5%.
h) Page number or section name including information about the social rights of employees, their professional training and corporate social responsibility activities related to other social and environmental company activities	Section IV / Beneficiaries / 4.4. Code of Ethics and Social Responsibility
3. STAKEHOLDERS	
3.1. COMPANY POLICY REGARDING STAKEHOLDERS	STATEMENTS
The name of the section on the corporate website containing the compensation policy	Investor Relations / Corporate Identity and Management / Corporate Governance and Policies / Employee Compensation Policy
Number of final judicial rulings against the company due to violation of employee rights	11 cases of employee claims for rights violations, such as annual leave/ seniority were concluded.
Title of the official attending to the whistleblowing system	Audit Group Manager and Internal Audit Process Manager
Information regarding access to the company's whistleblowing system	Company employees can access the reporting mechanism via the intranet system. Our employees and stakeholders may also report through the Koç Holding reporting line.

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3.2. SUPPORTING STAKEHOLDERS' PARTICIPATION IN COMPANY MANAGEMENT	
The name of the section on the corporate website containing the internal regulations regarding the participation of the employees in management bodies.	Investor Relations / Corporate Identity and Management / Corporate Governance and Policies / Corporate Governance Principles
Management bodies representing the employees	Our unionized and non-unionized colleagues participate in the management of our company in different ways. An Employee Engagement Survey with open-ended responses conducted annually at our company is used to analyze the opinions of our colleagues. Other communication meetings in our company are used to both relay company information to employees and to obtain their views and feedback.
3.3. HUMAN RESOURCES POLICY OF THE COMPANY	
The role of the board in developing the succession plan for key management positions	There is a succession plan for key executive positions. Following the General Manager's approval, the succession plan is submitted for the approval of another member of the board of directors.
Name of the section on the corporate website including the human resources policy containing the equality of opportunity and staffing criteria or a summary of the relevant policy articles	Investor Relations / Sustainability / Employees
Whether there is an employee stock ownership plan.	There is no share option plan.
Name of the section on the corporate website including the human resources policy containing the discrimination and measures to prevent maltreatment or a summary of the relevant policy articles	Investor Relations / Sustainability / Employees
The number of final judicial rulings finalized against the company due to liability for occupational accidents	N/A.
3.5. CODE OF ETHICS AND SOCIAL RESPONSIBILITY	
The name of the section on the corporate website containing the code of conduct	Investor Relations / Sustainability / Tat Gıda Code of Ethics
The name of the section on the corporate website containing the corporate social responsibility report. If there is no corporate social responsibility report, measures taken on environmental, social and corporate governance issues	Investor Relations / Sustainability
Measures taken to combat all forms of corruption, including fraud and bribery	Investor Relations / Sustainability / Tat Gıda Code of Ethics

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4. BOARD OF DIRECTORS - I	
4.2. OPERATING PRINCIPLES OF THE BOARD OF DIRECTORS	STATEMENTS
Date of the latest Board of Directors performance evaluation	29.12.2020
Whether independent experts were consulted in the Board of Directors performance evaluation	No
Whether all board members were discharged	Yes
Names of the board members delegated authority with the distribution of duties and the relevant powers	No authority was delegated.
Number of reports submitted by the internal control unit to the supervisory board or other relevant committees	N/A.
Section name or page number in the annual report including the evaluation of the effectiveness of the internal control system	Risk Management / Internal Control System and Internal Audit Activities
Chairman	Semahat Sevim Arsel
Chief Executive Officer / General Manager	Oğuz Aldemir
Link to the PDP disclosure stating the reason for the chairman and chief executive officer/general manager being the same person	The Chairman of the Board of Directors and the General Manager are separate persons.
The link of the PDP disclosure stating that the board members' negligence during their duties and the damages they may cause to the company are insured for a price exceeding 25% of the company's capital	-
Name of the section on the corporate website containing information on the diversity policy intended to increase the ratio of women board members	N/A.
Number and percentage of women board members	There are 4 female members (36%) on the Board of Directors.

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BOARD MEMBER'S NAME/SURNAME	WHETHER HE/SHE IS AN EXECUTIVE OFFICER	WHETHER HE/SHE IS AN INDEPENDENT MEMBER	DATE OF FIRST ELECTION TO THE BOARD OF DIRECTORS	LINK TO THE PDP DISCLOSURE WITH THE DECLARATION OF INDEPENDENCE	WHETHER THE INDEPENDENT MEMBER WAS EVALUATED BY THE NOMINATION COMMITTEE	WHETHER HE/SHE IS A MEMBER WHO HAS LOST THEIR INDEPENDENCE	WHETHER HE/SHE HAS AT LEAST FIVE YEARS OF EXPERIENCE IN AUDITING, ACCOUNTING AND/OR FINANCE
Semahat Sevim Arsel	N/A	N/A	20.03.2009		Not Evaluated	No	Yes
Rahmi M. Koç	N/A	N/A	20.03.2009		Not Evaluated	No	Yes
Ömer M. Koç	N/A	N/A	20.03.2009		Not Evaluated	No	Yes
Ali Y. Koç	N/A	N/A	20.03.2009		Not Evaluated	No	Yes
Caroline N. Koç	N/A	N/A	30.03.2016		Not Evaluated	No	Yes
Levent Çakıroğlu	N/A	N/A	25.03.2015		Not Evaluated	No	Yes
Tamer Haşimoğlu	N/A	N/A	22.03.2011		Not Evaluated	No	Yes
F. Füsün Akkal Bozok	N/A	Independent Member	13.03.2018	<a href="https://www.kap.org.tr/Bildirim/821060">https://www.kap.org.tr/Bildirim/821060</a>	Evaluated	No	Yes
M. Sait Tosyalı	N/A	Independent Member	13.03.2018	<a href="https://www.kap.org.tr/Bildirim/821060">https://www.kap.org.tr/Bildirim/821060</a>	Evaluated	No	Yes
Takashi Hashimoto	N/A	N/A	13.03.2018		Not Evaluated	No	Yes
Arzu Aslan Kesimer	N/A	N/A	14.12.2011		Not Evaluated	No	Yes
<b>4. BOARD OF DIRECTORS - II</b>							
Number of board meetings held in person during the reporting period	No physical meetings were held in 2020 due to COVID-19 pandemic. However, members of the board of management were informed about the performance and developments of the company at regular intervals, and all decisions were taken in line with the disposition method as per the procedure in Article 390 of the Turkish Commercial Code.						
Average meeting participation rate	100%						
Whether an electronic portal is used to facilitate the work of the Board of Directors	Not used.						
In accordance with the working principles of the Board of Directors, how many days before the meeting the information and documents were presented	There is no such procedure.						
The name of the section on the corporate website containing information about the internal regulations on how the board meetings are determined	There is no such procedure.						
The upper limit set in the policy that limits members from assuming other duties outside the company	There is no such procedure.						
<b>4.5. COMMITTEES ESTABLISHED UNDER THE BOARD OF DIRECTORS</b>							
Page number or section name in the annual report containing information about the committees of the board of directors	"Section V / Board of Management / 5.1. Structure and Formation of the Board of Directors Section V / Board of Management / 5.3. Number, Structure and Independence of the Committees on the Board of Directors"						
Link to the PDP disclosure stating the working principles of the committee	<a href="https://www.kap.org.tr/Bildirim/750532">https://www.kap.org.tr/Bildirim/750532</a>						

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NAME OF THE COMMITTEES OF THE BOARD OF DIRECTORS	NAME OF THE COMMITTEE SPECIFIED AS "OTHER" IN THE FIRST COLUMN	COMMITTEE MEMBERS' NAME / SURNAME	WHETHER HE/SHE IS A CHAIRMAN OF THE COMMITTEE	WHETHER HE/SHE IS A BOARD MEMBER	
The Audit Committee	-	F. Füsün Akkal Bozok M. Sait Tosyalı	Yes No	Board Member Board Member	
The Corporate Governance Committee	-	F. Füsün Akkal Bozok Levent Çakıroğlu Başak Tekin Özden	Yes No No	Board Member Board Member Not a Board Member	
Early Detection of Risk Committee	-	M. Sait Tosyalı Tamer Haşimoğlu	Yes No	Board Member Board Member	
<b>4. BOARD OF DIRECTORS - III</b>					
<b>4.5. COMMITTEES ESTABLISHED UNDER THE BOARD OF DIRECTORS II</b>					
Indicate the section of the annual report or corporate website that provides information about the activities of the audit committee (page number or section name)	Given under the Investor Relations / Corporate Identity and Management / Committee Operating Principles / Audit Committee Operating Principles heading on the corporate website.				
Indicate the section of the annual report or corporate website that provides information about the activities of the audit committee (page number or section name)	Given under the Investor Relations / Corporate Identity and Management / Committee Operating Principles / Corporate Governance Committee Operating Principles heading on the corporate website.				
Indicate the section of the annual report or corporate website that provides information about the activities of the nomination committee (page number or section name)	Activities related to the nomination committee are carried out by the Corporate Governance Committee. Given under the Investor Relations / Corporate Identity and Management / Committee Operating Principles / Corporate Governance Committee Operating Principles heading on the corporate website.				
Indicate the section of the annual report or corporate website that provides information about the activities of the early detection of risk committee (page number or section name)	Given under the Investor Relations / Corporate Identity and Management / Committee Operating Principles / Risk Management Committee Operating Principles heading on the corporate website.				
Indicate the section of the annual report or corporate website that provides information about the activities of the compensation committee (page number or section name)	Activities related to the Remuneration Committee are performed by the Corporate Governance Committee. Given under the Investor Relations / Corporate Identity and Management / Committee Operating Principles / Corporate Governance Committee Operating Principles heading on the corporate website.				
<b>4.6. FINANCIAL RIGHTS PROVIDED TO MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVES</b>					
Page number or section name in the annual report providing information on operational and financial performance targets and attainment	Given in the management and assessment section of the annual report.				
The name of the section on the corporate website containing the remuneration policy for executive and non-executive members.	Investor Relations / Corporate Identity and Management / Corporate Management and Policies / Remuneration Policy				
Page number or section name in the annual report showing the salaries given to board members and administrators with administrative responsibilities and all the other provided benefits	Legal Statements / Financial Rights Assigned to the Members of the Board of Directors and Senior Managers				
NAME OF THE COMMITTEES OF THE BOARD OF DIRECTORS	NAME OF THE COMMITTEE SPECIFIED AS "OTHER" IN THE FIRST COLUMN	PERCENTAGE OF NON-EXECUTIVE MANAGERS	PERCENTAGE OF INDEPENDENT MEMBERS IN THE COMMITTEE	NUMBER OF IN-PERSON COMMITTEE MEETINGS	NUMBER OF REPORTS THE COMMITTEE PRESENTED TO THE BOARD OF DIRECTORS ABOUT ITS ACTIVITIES
The Audit Committee	-	100%	100%	5	5
The Corporate Governance Committee	-	67%	33%	6	6
Early Detection of Risk Committee	-	100%	50%	8	8



## Principles of Sustainability Compliance Statement

The Sustainability Principles Compliance Framework, drawn up as per the amendment to the Corporate Governance Communiqué dated 02.10.2020 made by the Capital Markets Board, covers the essential principles expected to be disclosed regarding the Environmental, Social, and Corporate Governance (ESG) activities of public companies. While the implementation of these principles is voluntary, it is obligatory to report whether they are being implemented or not according to the “Comply or Disclose” principle.

Tat Gıda Sanayi, a Koç Group company, closely follows good practices in the field of sustainability, including those stipulated in the Sustainability Principles Compliance Framework of the CMB, and carries out its activities with the aim of adopting the generally accepted best practices to the greatest extent possible. Many aspects of Koç Holding’s “Lead, Together” sustainability strategy are in line with the principles set out in the “Sustainability Principles Compliance Framework”. Full compliance has not yet been achieved for reasons such as challenges arising from the implementation of these principles, uncertainties at the national and international scales, the incompatibility of some principles with the current structure of the Company, and the determination of compliance principles based on findings to be obtained from ongoing activities. Following our ongoing efforts, such as examining global practices in order to contribute to our company’s

goal of creating sustainable value, and completing data acquisition studies with the technical infrastructure implemented at Koç Group level, our goal is to implement the principles that have not yet been fully complied with.

The sustainability practices of Tat Gıda Sanayi A.Ş., in parallel with the principles in the CMB’s Sustainability Principles Compliance Framework, are explained in the Sustainability section of the Annual Report, and in detail in the Human Resources and other relevant sections. In line with the “comply or disclose” approach of the CMB, our disclosures for the basic principles that have not yet been fully complied with, or which have only been partially complied with due to current conditions, are as follows

- Tat Gıda has policies in place covering environmental, occupational health and safety, and ethical rules as announced on its web site. However, the Company’s long-term sustainability strategy has not yet been finalized. Efforts have been initiated and the goal is to set out the strategy in 2021 after updating the targets and objectives of the company.
- Tat Gıda has set out its sustainability, environmental, social and management policies, has announced them on its website, and mentions them in its annual reports. However, our efforts in

sustainability, environment, social and management areas will be revised after determination of our long and short-term targets. The Koç Group Companies will participate in these goal setting efforts, and action plans will be generated accordingly to prepare for the next stages.

- The company sets out ESG Key Performance Indicators (KPIs) and discloses its data on a yearly basis in a comparable way on its website. KPIs are not submitted together with industrial benchmarks due to the lack of sufficient and reliable data at local and international scale.
- Our legal department follows lawsuits against our company, and keeps our management team informed. There is no lawsuit concluded against our company.
- Environmental, social and corporate governance key indicators are monitored regularly. In parallel with the policies, standards and practices designed and followed within the Koç Group, ongoing activities aim to increase the reliability of indicators and ensure verification efforts by independent third parties.
- Production is carried out in Tat Gıda factories in accordance with the Turkish Food Codex and Turkish standards. Laws, legislation and regulations in force are closely

monitored and applied throughout our facilities and processes. All our businesses are ISO 50001 Energy Management System and ISO 14001 Environmental Management System certified. Beyond these efforts, no other disclosure is made for all legal regulations complied with. There are plans to address this issue in more detail in the environmental area of our website in the future.

- We construct our biodiversity strategy by identifying our effects, then evaluating, prioritizing, managing, designing, monitoring, reviewing and reporting them. In this way, we are developing an approach parallel to the priorities of the internationally agreed National Biological Diversity Strategy and Action Plan (UBSEP) set out in accordance with the Convention on Biological Diversity (CBD). We have done a lot of work on biodiversity, as explained on our website. Current studies are used for internal reporting and assessment only.
- Climate change is one of the priorities at Tat Gıda, and we have made great efforts towards sustainable agriculture, the efficient use of resources and raising the awareness of farmers along these lines. Our action plans to combat the climate crisis are handled within the scope of our sustainability strategy. Accordingly, the Scientific Target systematic has not yet been reflected in company practices as of the reporting period.
- ISO 50001 Energy Management Systems are in force at Tat Gıda enterprises and greenhouse gas emissions are lowered through energy reduction projects. Detailed information on yearly greenhouse

gas emissions is available on our website. In 2019, our “Total Productive Management” project checked for air leakages throughout our operations, and the use of compressed air was optimized on production lines and in the wastewater treatment plant. Similar projects are being implemented in the company, but there is currently no action study involving third parties. Group company activities and industrial good practices will be observed and efforts on this issue will be carried out in the next period.

- Scope-1 and Scope-2 calculations are tracked and monitored. The resulting data is used for internal reporting and assessment purposes and shared with executive teams.
- The amount of energy, natural gas and other resources consumed by Tat Gıda’s facilities and operations are regularly tracked and monitored. However, this data is currently used for internal reporting and assessment purposes only. Upon completion of our strategy design efforts, public disclosure of the relevant data and related standards, protocols and methodology will be considered.
- Data on renewable energy use is used for internal reporting and assessment purposes only. Upon completion of our strategy design efforts, public disclosure of the relevant data and related standards, protocols and methodology will be considered.
- The current operational scale of Tat Gıda does not include renewable energy production. However, a feasibility study is planned as part of our 5-year environmental strategy.

- Since the legal regulation processes for a carbon pricing system have not yet been completed in Turkey, our company does not apply one. Examples of internal carbon pricing and carbon credit good practices are followed but not yet implemented by the company.

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PRINCIPLE DESCRIPTION	ANNUAL REPORT SECTION, PAGE NUMBER	LINK
The Board of Directors (BoD) shall set out priority ESG considerations, risks and opportunities and draw up ESG policies accordingly. For effective implementation of these policies, intra-shareholding guidelines, business procedures, etc. may be designed. The Board of Directors shall make and publicly announce decisions regarding such policies.	Principles of Sustainability Compliance Statement, Page 92	
The BoD shall determine a Shareholding Strategy in accordance with ESG policies, risks and opportunities. It shall set out and publicly announce short and long term objectives in accordance with the shareholding strategy and ESG policies.	Principles of Sustainability Compliance Statement, Page 92	
The BoD shall identify and publicly announce the committees/departments charged with policy implementation. The relevant committees/departments shall report their policy activities to the BoD at least once a year and in any case, within the maximum periods determined for public disclosure of annual activity reports in the relevant regulations of the BoD.	Annual Report, Page 76-77	<a href="http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/surdurulebilirlik-yonetimi/">http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/surdurulebilirlik-yonetimi/</a>
The BoD shall draw up and publicly disclose implementation and action plans as per the determined short and long term goals.	Principles of Sustainability Compliance Statement, Page 94	
The BoD shall determine ESG Key Performance Indicators (KPIs) and compare them on a year by year basis. It shall compare KPIs with local and international sector benchmarks that are backed up by verifiable data.	Principles of Sustainability Compliance Statement, Page 94	<a href="http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/cevresel-duyarlilikimiz/">http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/cevresel-duyarlilikimiz/</a>
The BoD shall establish innovation activities to improve sustainability performances for business activities, or products and services.	Annual Report, Page 59	<a href="http://www.tatgida.com/tr/inovasyon/">http://www.tatgida.com/tr/inovasyon/</a>
The BoD shall report and publicly announce its sustainability performance, objectives and actions at least once a year. It shall disclose information about sustainability activities as part of the annual report.	Annual Report, Page 57-63	<a href="http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/cevresel-duyarlilikimiz/">http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/cevresel-duyarlilikimiz/</a> <a href="http://www.tatgida.com/Files/Tat_Gda19_Faaliyet_Raporu.pdf">http://www.tatgida.com/Files/Tat_Gda19_Faaliyet_Raporu.pdf</a>
Significant information must be shared in a direct and concise manner in order for stakeholders to understand the stance, performance and development of the shareholding. The BoD may also disclose detailed information and data on its corporate website and draw up separate reports that directly meet the needs of different stakeholders.	Annual Report, Page 74	<a href="http://www.tatgida.com/tr/yatirimci-iliskileri/finansal-raporlar/finansal-raporlari/">http://www.tatgida.com/tr/yatirimci-iliskileri/finansal-raporlar/finansal-raporlari/</a> <a href="http://www.tatgida.com/tr/yatirimci-iliskileri/finansal-raporlar/faaliyet-raporlari/">http://www.tatgida.com/tr/yatirimci-iliskileri/finansal-raporlar/faaliyet-raporlari/</a>
The BoD shall display the utmost care in terms of transparency and reliability. It shall objectively disclose all kinds of events on priority issues in announcements and reports as part of a balanced approach.		

PRINCIPLE DESCRIPTION	ANNUAL REPORT SECTION, PAGE NUMBER	LINK
The BoD shall disclose all information about its activities associated with the 2030 United Nations (UN) Sustainable Development Goals.	Annual Report, Page 48,50	<a href="http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/cevresel-duyarlilikimiz/">http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/cevresel-duyarlilikimiz/</a>
The BoD shall make announcements regarding lawsuits filed and/or concluded pertaining to environmental, social and corporate governance.	Annual Report Page 19 Principles of Sustainability Compliance Statement, Page 94	
If verified by independent third parties (independent sustainability assurance providers), the BoD shall publicly disclose its sustainability performance ratings and make efforts to increase such verification processes.	Annual Report Page 59, 61 Principles of Sustainability Compliance Statement, Page 94	
The BoD shall disclose its policies and practices, action plans, environmental management systems (aka ISO 14001 standards) and programs in the environmental management area.	Annual Report, Page 51,57	<a href="http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/cevresel-duyarlilikimiz/">http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/cevresel-duyarlilikimiz/</a>
The BoD shall act in compliance with environment laws and other relevant regulations and disclose their actions.	Annual Report Page 50, 53 Principles of Sustainability Compliance Statement, Page 93	<a href="http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/cevresel-duyarlilikimiz/">http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/cevresel-duyarlilikimiz/</a>
The BoD shall disclose the reporting period, reporting date, data collection process, reporting conditions and the limitations of the environmental report on the Principles of Sustainability.		<a href="http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/cevresel-duyarlilikimiz/">http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/cevresel-duyarlilikimiz/</a>
On environment and climate change issues, the BoD shall declare which shareholder holds the highest responsibility, the relevant committees and their duties.	Annual Report, Page 76-77	<a href="http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/surdurulebilirlik-yonetimi/">http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/surdurulebilirlik-yonetimi/</a> <a href="http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/surdurulebilirlik-yonetimi/surdurulebilirlik-komitesi-calisma-esaslari/">http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/surdurulebilirlik-yonetimi/surdurulebilirlik-komitesi-calisma-esaslari/</a>
The BoD shall disclose the incentives provided for the management of environmental issues, including the achievement of objectives.	Annual Report, Page 37-38, 51	<a href="http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/cevresel-duyarlilikimiz/">http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/cevresel-duyarlilikimiz/</a>
The BoD shall disclose how environmental problems are integrated into business objectives and strategies.	Annual Report, Page 58-59	<a href="http://www.tatgida.com/Files/pdf/TatGida_Cevre_Politikasi_25042016.pdf">http://www.tatgida.com/Files/pdf/TatGida_Cevre_Politikasi_25042016.pdf</a>
The BoD shall disclose its sustainability performance towards business processes or products and services and its activities to improve this performance.	Annual Report, Page 58-59	<a href="http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/cevresel-duyarlilikimiz/">http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/cevresel-duyarlilikimiz/</a>
The BoD shall report not only in terms of direct operations, but also how it manages environmental topics in the shareholding value chain and integrates suppliers and customers into its strategies.	Annual Report, Page 63	<a href="http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/tedarik-zinciri-politikasi/">http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/tedarik-zinciri-politikasi/</a>

PRINCIPLE DESCRIPTION	ANNUAL REPORT SECTION, PAGE NUMBER	LINK
The BoD shall disclose whether it is involved in policy-making processes on environmental issues (industrial, regional, national and international), its collaborations with any environmental associations, relevant organizations and non-governmental organizations, its tasks, if any, and the activities supported.	Annual Report, Page 38	<a href="http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/calisanlarimiz/">http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/calisanlarimiz/</a>
"The BoD shall regularly report information on environmental impacts in light of environmental indicators in a comparable way: Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy-indirect), Scope-3 (Other indirect))"	Annual Report, Page 60	<a href="http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/cevresel-duyarlilikimiz/">http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/cevresel-duyarlilikimiz/</a>
"The BoD shall regularly report information on environmental impacts in light of environmental indicators in a comparable way: Air quality"	Annual Report, Page 59	<a href="http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/cevresel-duyarlilikimiz/">http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/cevresel-duyarlilikimiz/</a>
"The BoD shall regularly report information on environmental impacts in light of environmental indicators in a comparable way: Energy management"	Annual Report, Page 59	<a href="http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/cevresel-duyarlilikimiz/">http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/cevresel-duyarlilikimiz/</a>
"The BoD shall regularly report information on environmental impacts in light of environmental indicators in a comparable way: Water and wastewater management"	Annual Report, Page 60	<a href="http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/cevresel-duyarlilikimiz/">http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/cevresel-duyarlilikimiz/</a>
"The BoD shall regularly report information on environmental impacts in light of environmental indicators in a comparable way: Waste management"	Annual Report, Page 60	<a href="http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/cevresel-duyarlilikimiz/">http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/cevresel-duyarlilikimiz/</a>
"The BoD shall regularly report information on environmental impacts in light of environmental indicators in a comparable way: Bio-diversity impacts"	Principles of Sustainability Compliance Statement Page 95	<a href="http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/cevresel-duyarlilikimiz/">http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/cevresel-duyarlilikimiz/</a>
The BoD shall disclose the details of the standards, protocols, methodologies and base years used to collect and calculate its data.	Annual Report, Page 57-63	<a href="http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/cevresel-duyarlilikimiz/">http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/cevresel-duyarlilikimiz/</a>
The BoD shall disclose the status (increase or decrease) of environmental indicators for the reporting year as compared to previous years.	Annual Report, Page 57-63	<a href="http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/cevresel-duyarlilikimiz/">http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/cevresel-duyarlilikimiz/</a>

PRINCIPLE DESCRIPTION	ANNUAL REPORT SECTION, PAGE NUMBER	LINK
The BoD shall establish and state its short and long term objectives for lowering its environmental impact. It is advised that such objectives be set out scientifically as suggested by the United Nations Climate Change Conference. The BoD shall give information on what progress has been made for the reporting year in line with previously determined objectives.	Annual Report, Page 57-63	<a href="http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/cevresel-duyarlilikimiz/">http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/cevresel-duyarlilikimiz/</a>
The BoD shall disclose its strategy and actions for fighting the climate crisis.	Principles of Sustainability Compliance Statement Page 94	
The BoD shall disclose its programs or procedures to prevent or mitigate potential adverse impacts of the products and/or services it offers and disclose the actions of third parties to lower greenhouse gas emissions.	Principles of Sustainability Compliance Statement Page 94	
The BoD shall disclose the actions taken to reduce environmental impacts, the total number of projects and initiatives executed, their environmental benefits/gains, and cost savings.	Annual Report, Page 51, 59-62	<a href="http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/cevresel-duyarlilikimiz/">http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/cevresel-duyarlilikimiz/</a>
The BoD shall report data for total energy consumption (excluding raw materials) and energy consumption according to Scope-1 and Scope-2.	Principles of Sustainability Compliance Statement Page 95	
The BoD shall provide information about how much electricity, heat, steam and cooling were generated and consumed for the reporting year.	Principles of Sustainability Compliance Statement Page 95	<a href="http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/cevresel-duyarlilikimiz/">http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/cevresel-duyarlilikimiz/</a>
The BoD shall work towards increasing the use of renewable energy, transition to zero or low carbon electricity and disclose how this work progresses.	Principles of Sustainability Compliance Statement Page 95	
The BoD shall disclose its data on renewable energy generation and consumption.	Principles of Sustainability Compliance Statement Page 95	
The BoD shall execute energy efficiency projects and report how much energy consumption and emissions were reduced as a result of these efforts.	Annual Report, Page 51	<a href="http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/cevresel-duyarlilikimiz/">http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/cevresel-duyarlilikimiz/</a>
The BoD shall report the amount of water extracted from under or above ground, consumed, recycled and discharged, its sources and procedures (including the total amount of extracted water by source, the water resources affected by the extracted water, and the percentage and total volume of recycled and reused water).	Annual Report, Page 51	<a href="http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/cevresel-duyarlilikimiz/">http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/cevresel-duyarlilikimiz/</a>

PRINCIPLE DESCRIPTION	ANNUAL REPORT SECTION, PAGE NUMBER	LINK
The BoD shall disclose whether its operations or activities are included in a carbon pricing system (Emission Commerce System, Cap & Trade or Carbon Tax).	Principles of Sustainability Compliance Statement, Page 95	
The BoD shall disclose the amount of carbon credits accumulated or purchased during the reporting period.	Principles of Sustainability Compliance Statement, Page 95	
If carbon pricing applies within the shareholding, the BoD shall disclose the details.	Principles of Sustainability Compliance Statement, Page 95	
The BoD shall announce all compulsory and voluntary platforms on which it shares its environmental information.		<a href="http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/cevresel-duyarlilikimiz/">http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/cevresel-duyarlilikimiz/</a>
The BoD shall draw up a Corporate Human Rights and Employee Rights Policy, in which it commits to full compliance with the Universal Declaration of Human Rights, the ILO Conventions ratified by Turkey, and the legal frameworks and legislation regulating human rights and working life in Turkey. It shall publicly disclose this policy and the roles and responsibilities associated with its implementation.	Annual Report, Page 46,61,75	<a href="http://www.tatgida.com/tr/insan-kaynaklari/tatda-calismak/">http://www.tatgida.com/tr/insan-kaynaklari/tatda-calismak/</a> <a href="http://www.tatgida.com/tr/insan-kaynaklari/etik-yaklasimimiz/">http://www.tatgida.com/tr/insan-kaynaklari/etik-yaklasimimiz/</a>
The BoD shall ensure equal opportunities during recruitment processes. It shall include fair labor, the improvement of working standards, women's employment, and inclusion (gender, religion, language, race, ethnic origin, age, disability, refugee discrimination etc.) in its policies, and observe how this affects the supply and value chain.	Annual Report, Page 61-62	<a href="http://www.tatgida.com/tr/insan-kaynaklari/etik-yaklasimimiz/">http://www.tatgida.com/tr/insan-kaynaklari/etik-yaklasimimiz/</a>
The BoD shall disclose the measures taken across the value chain to support groups susceptible to economic, environmental, and social factors (low-income groups, women, etc.) or minority rights/equal opportunities.	Annual Report, Page 62	<a href="http://www.tatgida.com/tr/insan-kaynaklari/etik-yaklasimimiz/">http://www.tatgida.com/tr/insan-kaynaklari/etik-yaklasimimiz/</a>

PRINCIPLE DESCRIPTION	ANNUAL REPORT SECTION, PAGE NUMBER	LINK
The BoD shall report developments in preventing and rectifying discrimination, inequality, violations of human rights, and forced labor. It shall disclose its regulations preventing underage employment.	Annual Report, Page 61	<a href="http://www.tatgida.com/tr/insan-kaynaklari/etik-yaklasimimiz/">http://www.tatgida.com/tr/insan-kaynaklari/etik-yaklasimimiz/</a>
The BoD shall disclose its policies regarding its investments in employees (training, development policies), compensation, benefits, union rights, work-life balance solutions and talent management. It shall form mechanisms for the resolution of employee complaints and disputes and set out dispute resolution processes. It shall regularly disclose activities performed to provide employee satisfaction.	Annual Report, Page 61,76	<a href="http://www.tatgida.com/tr/insan-kaynaklari/tatda-calismak/">http://www.tatgida.com/tr/insan-kaynaklari/tatda-calismak/</a> <a href="http://www.tatgida.com/tr/insan-kaynaklari/etik-yaklasimimiz/">http://www.tatgida.com/tr/insan-kaynaklari/etik-yaklasimimiz/</a>
The BoD shall prepare occupational health and safety policies and disclose them to the public. It shall share accident statistics and measures taken to prevent occupational accidents and to protect health.	Annual Report, Page 62	<a href="http://www.tatgida.com/tr/insan-kaynaklari/tatda-calismak/">http://www.tatgida.com/tr/insan-kaynaklari/tatda-calismak/</a>
The BoD shall prepare and disclose personal data protection and data security policies.	Annual Report, Page 63	<a href="http://www.tatgida.com/Files/pdf/Tat_Topluluk_Sirketleri_KVK_Islenmesi_Politika.pdf">http://www.tatgida.com/Files/pdf/Tat_Topluluk_Sirketleri_KVK_Islenmesi_Politika.pdf</a>
The BoD shall prepare and publicly disclose a policy of ethics (including work, work ethics, compliance processes, advertising and marketing ethics, open disclosure, etc).	Annual Report, Page 49	<a href="http://www.tatgida.com/tr/insan-kaynaklari/etik-yaklasimimiz/">http://www.tatgida.com/tr/insan-kaynaklari/etik-yaklasimimiz/</a>
The BoD shall disclose its efforts regarding social investment, social responsibility, financial inclusion and access to financing.	Annual Report, Page 37,51	<a href="http://www.tatgida.com/tr/insan-kaynaklari/ortak-degerlerimiz/">http://www.tatgida.com/tr/insan-kaynaklari/ortak-degerlerimiz/</a>
The BoD shall hold meetings and training programs to inform employees about ESG policies and practices.	Annual Report, Page 49	<a href="http://www.tatgida.com.tr">www.tatgida.com.tr</a>
The BoD shall consider the needs and priorities of all stakeholders (employees, customers, suppliers and service providers, public entities, shareholders, society and non-governmental organizations, etc.) as it performs its sustainability activities.	Annual Report, Page 57-63	<a href="http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/surdurulebilirlik-yonetimi/surdurulebilirlik-komitesi-calisma-esaslari/">http://www.tatgida.com/tr/yatirimci-iliskileri/surdurulebilirlik/surdurulebilirlik-yonetimi/surdurulebilirlik-komitesi-calisma-esaslari/</a>

# FINANCIAL REPORT

## CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020 WITH INDEPENDENT AUDITORS REPORT

PRINCIPLE DESCRIPTION	ANNUAL REPORT SECTION, PAGE NUMBER	LINK
The BoD shall draw up and publicly disclose a customer satisfaction policy for the management and resolution of customer complaints.		<a href="http://www.tatgida.com/tr/bizi-taniyin/sorumluluklar/">http://www.tatgida.com/tr/bizi-taniyin/sorumluluklar/</a>
The BoD shall maintain continuous and transparent stakeholder communication, and report information about which stakeholders it communicates with, for what purpose, about what topic, how often it communicates, and the progress made in its sustainability activities.	Annual Report, Page 75	<a href="http://www.tatgida.com/tr/yatirimci-iiiskileri/kurum-kimligi-ve-yonetimi/kurumsal-yonetim/">http://www.tatgida.com/tr/yatirimci-iiiskileri/kurum-kimligi-ve-yonetimi/kurumsal-yonetim/</a>
The BoD shall publicly disclose which international reporting standards it has ratified (Carbon Disclosure Project (CDP), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Task Force for Climate-Related Financial Disclosures (TCFD) etc.)		<a href="https://cdn.koc.com.tr/cmscontainer/kocholding/media/koc/05surdurulebilirlik/raporlar/surdurebilirlik-raporu-tr/koc-grup-surdurulebilirlik-raporu-2019.pdf">https://cdn.koc.com.tr/cmscontainer/kocholding/media/koc/05surdurulebilirlik/raporlar/surdurebilirlik-raporu-tr/koc-grup-surdurulebilirlik-raporu-2019.pdf</a>
The BoD shall publicly disclose the international organizations or principles it has signed or is a member of (Equator Principles, United Nations Environment Program Finance Initiative (UNEP-FI), United Nations Global Principles (UNGC), United Nations Principles for Responsible Investment (UNPRI) etc.), or the international principles it has ratified (International Capital Market Association (ICMA) Green/Sustainable Bond Principles etc.)		<a href="https://www.koc.com.tr/surdurulebilirlik">https://www.koc.com.tr/surdurulebilirlik</a> <a href="https://www.unglobalcompact.org/what-is-gc/mission/principles#anti-corruption">https://www.unglobalcompact.org/what-is-gc/mission/principles#anti-corruption</a>
The BoD shall endeavor to be included on the Borsa Istanbul Sustainability Index and on international sustainability indices (Dow Jones Sustainability Index, FTSE4Good, MSCI ESG Indices etc.)		<a href="https://www.borsaistanbul.com/files/BIST_Surdurulebilirlik_Endeksi_Degerlemeye_Tabi_sirketler_Listesi_2020.pdf">https://www.borsaistanbul.com/files/BIST_Surdurulebilirlik_Endeksi_Degerlemeye_Tabi_sirketler_Listesi_2020.pdf</a>
The BoD shall make the maximum effort to comply with all Corporate Governance principles required by the Capital Markets Board Corporate Governance Communiqué No. II-17.1 and all other Corporate Governance Principles.	Annual Report, Page 74	<a href="http://www.tatgida.com/tr/yatirimci-iiiskileri/kurum-kimligi-ve-yonetimi/yonetim-kurulu/">http://www.tatgida.com/tr/yatirimci-iiiskileri/kurum-kimligi-ve-yonetimi/yonetim-kurulu/</a>
The BoD shall consider sustainability and the environmental impacts of its activities and the relevant principles while determining its corporate governance strategy.	Annual Report Page 57,92	<a href="http://www.tatgida.com/tr/yatirimci-iiiskileri/surdurulebilirlik/surdurulebilirlik-yonetimi/">http://www.tatgida.com/tr/yatirimci-iiiskileri/surdurulebilirlik/surdurulebilirlik-yonetimi/</a>
The BoD shall take the actions necessary to comply with the principles regarding beneficiaries and to strengthen communication with beneficiaries as stated in the Corporate Governance Principles. It shall consider the opinions of beneficiaries in determining sustainability measures and strategies.	Annual Report, Page 75	<a href="http://www.tatgida.com/tr/yatirimci-iiiskileri/surdurulebilirlik/surdurulebilirlik-yonetimi/">http://www.tatgida.com/tr/yatirimci-iiiskileri/surdurulebilirlik/surdurulebilirlik-yonetimi/</a>
The BoD shall make efforts to raise awareness about social responsibility projects, activities and training, and sustainability and its importance.	Annual Report Page 51,55	<a href="http://www.tatgida.com/tr/yatirimci-iiiskileri/surdurulebilirlik/surdurulebilirlik-yonetimi/">http://www.tatgida.com/tr/yatirimci-iiiskileri/surdurulebilirlik/surdurulebilirlik-yonetimi/</a> <a href="http://www.tatgida.com/tr/basin-odasi/">http://www.tatgida.com/tr/basin-odasi/</a>
The BoD shall endeavor to abide by international standards and become a member of initiatives related to sustainability and to contribute to its progress accordingly.		<a href="http://www.tatgida.com/tr/yatirimci-iiiskileri/surdurulebilirlik/surdurulebilirlik-yonetimi/">http://www.tatgida.com/tr/yatirimci-iiiskileri/surdurulebilirlik/surdurulebilirlik-yonetimi/</a> <a href="http://www.tatgida.com/tr/yatirimci-iiiskileri/yatirimci-sunumu/">http://www.tatgida.com/tr/yatirimci-iiiskileri/yatirimci-sunumu/</a> <a href="http://www.tatgida.com/tr/yatirimci-iiiskileri/telekonferanslar/">http://www.tatgida.com/tr/yatirimci-iiiskileri/telekonferanslar/</a>
The BoD shall disclose its anti-bribery and corruption policies and programs and its principles of tax integrity.	Annual Report, Page 63	<a href="http://www.tatgida.com/tr/yatirimci-iiiskileri/surdurulebilirlik/tat-gida-etik-kurallar/">http://www.tatgida.com/tr/yatirimci-iiiskileri/surdurulebilirlik/tat-gida-etik-kurallar/</a>



## Independent Auditor's Report

To the Shareholders of Tat Gıda Sanayi Anonim Şirketi

### A) Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Tat Gıda Sanayi Anonim Şirketi ("the Company"), which comprise the statement of financial position as at 31 December 2020, the statements of profit or loss and comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

#### Basis for Opinion

We conducted our audit in accordance with standards on auditing issued by the Capital Markets Board of Turkey ("CMB") and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We declare that we are independent of the Company in accordance with the Code of Ethics for Auditors issued by POA ("POA's Code of Ethics") and the ethical requirements in the regulations issued by POA that are relevant to audit of financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Revenue recognition

Refer to Note 2.6 to the financial statements for summary of significant accounting policies and significant accounting estimates and assumptions for revenue recognition.



#### The key audit matter

The revenue items that the Company generates revenue mainly consists of the sales of the manufactured food products to the related party companies. Revenue is recognized in the financial statements when the Company fulfills its performance obligation by transferring control of the promised products to its customers.

Revenue recognition has been identified as a key audit matter, as revenue is one of the key performance indicators of the Company and, due to its structure, it includes the risk of not being recognized in the relevant period and at the accurate amount.

#### How the matter was addressed in our audit

We have performed the following audit procedures to be responsive to this area:

- Evaluating the Company's accounting policies for revenue recognition in respect of the compliance with TFRS 15 Revenue from Contracts with Customers and examining the contract provisions to understand the sales terms with related parties,
- Testing with sampling method whether the returns occurred after the reporting period are recognized in the financial statements,
- Analysing in detail, the amount of revenue and the timing of recognition in the financial statements, including inquiring the deviations from our revenue expectation for the current period, based on our industry knowledge and data on historical sales and return trends,
- Testing the sales and transfer of control of products with sales documents and other supporting documents regarding the delivery of the goods for the samples selected from the sales to related parties, which constitute a significant part of the Company's revenue,
- Examining the disclosures in the notes of the financial statements and evaluating the adequacy and appropriateness of the disclosures in respect of TFRS 15.

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### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Responsibilities of auditors in an audit are as follows:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with standards on auditing issued by the CMB and Standards on Auditing issued by POA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the standards on auditing issued by the CMB and, Standards on Auditing issued by POA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **B) Other Legal and Regulatory Requirements**

1) Pursuant to the fourth paragraph of Article 398 of Turkish Commercial Code ("TCC") no. 6102; Independent Auditor's Report on System and Committee of Early Identification of Risks is presented to the Board of Directors of the Company on 12 February 2021.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that for the period 1 January - 31 December 2020, the Company's bookkeeping activities and financial statements are not in compliance with TCC and provisions of the Company's articles of association in relation to financial reporting.

3) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

A member firm of KPMG International Cooperative



Mustafa Şafak Erdur, SMMM  
Partner

12 February 2021  
Istanbul, Turkey

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## TAT GIDA SANAYİ A.Ş.

### BALANCE SHEETS AS OF 31 DECEMBER 2020

(Amounts are expressed in Turkish Lira (TL) unless otherwise indicated)

		Audited	Audited
	Notes	31 December 2020	31 December 2019
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	120.612.224	10.476.743
Trade receivables		445.574.341	383.880.332
-Trade receivables from related parties	7,28	429.134.382	376.303.231
-Trade receivables from third parties	7	16.439.959	7.577.101
Other receivables		1.071.452	1.336.347
-Other receivables from third parties	8	1.071.452	1.336.347
Inventories	9	360.736.236	338.435.975
Derivatives	16	416.506	--
Prepaid expenses	10	12.719.871	6.539.667
Other current assets	19	71.383.844	36.850.078
<b>Subtotal</b>		<b>1.012.514.474</b>	<b>777.519.142</b>
Assets as held for sale	15	160.311.638	2.331.450
<b>Total Current Asset</b>		<b>1.172.826.112</b>	<b>779.850.592</b>
<b>Non-Current Assets</b>			
Other receivables		68.085	68.085
-Other receivables from third parties	8	68.085	68.085
Financial investments	5	4.381.574	2.517.599
Property, plant and equipment	11	90.030.091	188.140.338
Right of use assets	12	10.722.316	21.415.501
Intangible assets	12	7.119.559	8.125.580
Deferred tax assets	26	4.974.330	1.034.826
Other non-current assets	19	18.580.385	25.210.872
<b>Total Non-Current Assets</b>		<b>135.876.340</b>	<b>246.512.801</b>
<b>TOTAL ASSET</b>		<b>1.308.702.452</b>	<b>1.026.363.393</b>

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



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**Financial Report****TAT GIDA SANAYİ A.Ş.****BALANCE SHEETS AS OF 31 DECEMBER 2020 (CONTINUED)**

(Amounts are expressed in Turkish Lira (TL) unless otherwise indicated)

		Audited	Audited
	Notes	31 December 2020	31 December 2019
<b>LIABILITIES</b>			
Short-term financial borrowings	6	42.383.179	--
Short-term leasing borrowings	6	6.593.978	6.587.202
- İlişkili Leasing borrowings to related parties		1.904.640	3.094.456
- Leasing borrowings to third parties		4.689.338	3.492.746
Short-term portion of long-term borrowings		73.231.532	54.400.884
Trade payables		213.429.047	180.768.851
- Trade payables to related parties	7,28	41.763.975	36.101.953
- Trade payables to third parties	7	171.665.072	144.666.898
Employee benefit obligations	18	7.428.260	7.193.554
Derivative financial instruments	16	928.877	115.844
Other payables		18.729.820	11.075.393
- Other payables from related parties	28	9.854.993	6.434.748
- Other payables from third parties	8	8.874.827	4.640.645
Deferred income	10	6.572.117	4.594.277
Current tax liabilities	26	13.809.180	4.273.421
Short-term provisions		14.778.030	5.580.918
- Short-term provisions for employment benefits	18	2.900.000	2.200.000
- Other short-term provisions	14	11.878.030	3.380.918
<b>Subtotal</b>		<b>397.884.020</b>	<b>274.590.344</b>
Liabilities as held for sales	15	13.497.915	--
<b>Total Short-Term Liabilities</b>		<b>411.381.935</b>	<b>274.590.344</b>
Long-term financial borrowings	6	175.000.000	150.000.000
Long-term leasing borrowings	6	5.836.812	16.610.370
- Long-term leasing borrowings to related parties		2.594.164	8.186.960
- Long-term leasing borrowings to third parties		3.242.648	8.423.410
Derivative financial instruments	16	--	7.758.072
Long-term provisions		11.736.540	16.819.694
- Long-term provisions for employment benefits	18	11.736.540	16.819.694
<b>Total Long-Term Liabilities</b>		<b>192.573.352</b>	<b>191.188.136</b>
<b>Total Liabilities</b>		<b>603.955.287</b>	<b>465.778.480</b>
Share capital	20	136.000.000	136.000.000
Inflation adjustment to share capital	20	21.601.088	21.601.088
Share premiums	20	10.107.809	10.107.809
Other comprehensive income or expenses that may be reclassified subsequently to profit or loss	20	1.961.990	(5.116.980)
- Financial assets revaluation reserve		2.705.092	934.316
- Losses related to hedging from cash flow risk		(724.524)	(6.051.296)
Other comprehensive income or expenses that will not be reclassified subsequently to profit or loss	20	(749.631)	(691.572)
- Actuarial gains / (losses) in defined benefit plan		(749.631)	(691.572)
Restricted reserves	20	29.533.338	95.621.022
Prior years' profit		339.018.230	236.908.106
Profit for the period		167.274.341	66.155.440
<b>Equity attributable to equity holders of the parent company</b>		<b>704.747.165</b>	<b>560.584.913</b>
<b>Total Equity</b>		<b>704.747.165</b>	<b>560.584.913</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1.308.702.452</b>	<b>1.026.363.393</b>

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

**TAT GIDA SANAYİ A.Ş.****STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020**

(Amounts are expressed in Turkish Lira (TL) unless otherwise indicated)

		Audited	Audited
	Notes	1 January - 31 December 2020	1 January - 31 December 2019
<b>Profit or loss</b>			
<b>Continuing operations</b>			
Sales	21	802.944.100	553.221.806
Cost of sales (-)	21	(549.262.358)	(381.561.604)
<b>GROSS PROFIT FROM CONTINUING OPERATIONS</b>		<b>253.681.742</b>	<b>171.660.202</b>
Marketing expenses (-)	22	(59.308.229)	(41.382.405)
General administrative expenses (-)	22	(73.396.832)	(56.401.978)
Research and development expenses (-)	22	(1.166.189)	(1.047.384)
Other income from operating activities	23	31.712.188	27.996.652
Other expenses from operating activities (-)	23	(29.672.500)	(17.710.441)
<b>Operating profit from continuing operations</b>		<b>121.850.180</b>	<b>83.114.646</b>
Income from investing activities	24	1.394.244	455.903
Expenses from investing activities (-)	24	(62.573)	(71.728)
<b>Operating profit before finance expense</b>		<b>123.181.851</b>	<b>83.498.821</b>
Finance expense (-)	25	33.529.593	40.751.167
Finance expense, net	25	(60.004.748)	(76.578.047)
<b>Profit before tax</b>		<b>(26.475.155)</b>	<b>(35.826.880)</b>
		<b>96.706.696</b>	<b>47.671.941</b>
<b>Tax expense</b>		<b>(25.393.533)</b>	<b>(9.519.994)</b>
Current tax expense	26	(25.928.355)	(8.055.745)
Deferred tax expense	26	534.822	(1.464.249)
<b>Profit for the period from continuing operations</b>		<b>71.313.163</b>	<b>38.151.947</b>
Profit / (loss) for the period from discontinued operations	15	95.961.178	28.003.493
<b>Profit for the period</b>		<b>167.274.341</b>	<b>66.155.440</b>
<b>Earnings per share</b>		<b>1,23</b>	<b>0,49</b>
Earnings per common and diluted share from continuing operations	27	0,52	0,28
Earnings / (losses) per common and diluted share from discontinued operations	27	0,71	0,21
<b>Other comprehensive income:</b>			
Gains / (losses) in revaluation reserve		1.770.776	701.850
Losses related to hedging from cash flow risk		5.308.194	(6.051.296)
Actuarial gains / (losses) on employee benefits		(58.059)	(1.096.507)
<b>Total other comprehensive income</b>		<b>7.020.911</b>	<b>(6.445.953)</b>
<b>Total comprehensive income</b>		<b>174.295.252</b>	<b>59.709.487</b>

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

**TAT GIDA SANAYİ A.Ş.****STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020**

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

	Share capital	Inflation adjustments to share capital	Share premium	Financial assets revaluation reserve	Hedging related to cash flow risk	Accumulated Other Comprehensive Income Reclassified to Profit or Loss	Actuarial gain/(losses) in defined benefit plans	Restricted Profit Reserves	Net Profit For the Period	Retained Earnings	Total Equity
<b>Balance as at 1 January 2019</b>	<b>136.000.000</b>	<b>21.601.088</b>	<b>10.107.809</b>	<b>232.466</b>	--		<b>404.935</b>	<b>94.838.483</b>	<b>38.576.777</b>	<b>199.113.868</b>	<b>500.875.426</b>
Transfers	--	--	--	--	--		--	782.539	(38.576.777)	37.794.238	--
Total comprehensive income	--	--	--	701.850	(6.051.296)		(1.096.507)	--	66.155.440	--	59.709.487
<b>Balance as at 31 December 2019</b>	<b>136.000.000</b>	<b>21.601.088</b>	<b>10.107.809</b>	<b>934.316</b>	<b>(6.051.296)</b>		<b>(691.572)</b>	<b>95.621.022</b>	<b>66.155.440</b>	<b>236.908.106</b>	<b>560.584.913</b>
<b>Balance as at 1 January 2020</b>	<b>136.000.000</b>	<b>21.601.088</b>	<b>10.107.809</b>	<b>934.316</b>	<b>(6.051.296)</b>		<b>(691.572)</b>	<b>95.621.022</b>	<b>66.155.440</b>	<b>236.908.106</b>	<b>560.584.913</b>
Transfers	--	--	--	--	--		--	(66.087.684)	(66.155.440)	132.243.124	--
Total comprehensive income	--	--	--	1.770.776	5.308.194		(58.059)	--	167.274.341	--	174.295.252
Dividend	--	--	--	--	--		--	--	--	(30.133.000)	(30.133.000)
<b>Balance as at 31 December 2020</b>	<b>136.000.000</b>	<b>21.601.088</b>	<b>10.107.809</b>	<b>2.705.092</b>	<b>(743.102)</b>		<b>(749.631)</b>	<b>29.533.338</b>	<b>167.274.341</b>	<b>339.018.230</b>	<b>704.747.165</b>

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

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**Financial Report****TAT GIDA SANAYİ A.Ş.****STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020**

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

		Audited	Audited
	Notes	1 January - 31 December 2020	1 January - 31 December 2019
Continuing profit before tax		71.313.163	38.151.947
Discontinued operations profit		95.961.178	28.003.493
<b>Adjustments to reconcile profit for the period:</b>			
Adjustments related to depreciation and amortization expenses			
Adjustments related to impairment	11,12	25.405.030	22.854.954
Adjustments related to impairment of receivables			
<i>Adjustments related to impairment of stocks</i>	7	--	(72.198)
<i>Adjustments related to provisions</i>	9	200.000	--
Adjustments related to provision for employee termination benefit			
<i>Adjustments related to other provisions</i>	18	6.367.198	10.982.287
<i>Adjustments related to gain or loss on sales of property, plant and equipment</i>	14	8.497.112	(352.176)
Adjustments related to gain or loss on sales of property, plant and equipment	24	(869.641)	(906.957)
Adjustment related to gain on available for sales	15	(86.365.490)	--
Adjustments related to income accruals	19	(763.400)	245.471
Adjustments related to increase in fair value of derivatives	16	(416.507)	--
Adjustments related to tax expense	26	25.393.533	9.519.994
Unrealized foreign exchange loss		1.771.992	737.052
Discount expense		(2.753.867)	1.162.293
Discount income		2.067.800	(2.682.917)
Interest income	25	(7.078.503)	(8.302.906)
Interest expense	25	35.901.623	48.380.581
<b>Changes in working capital</b>		<b>174.631.221</b>	<b>147.720.918</b>
Adjustments related to changes in trade receivables and other receivables		(10.930.658)	17.137.122
Adjustments related to changes in due from related parties		(52.831.151)	(74.799.137)
Adjustments related to changes in inventories		(78.035.820)	(100.622.769)
Adjustments related to changes in prepaid expenses		(6.180.204)	(3.685.289)
Adjustments related to changes in other current and non-current assets		(9.649.074)	(18.525.476)
Adjustments related to changes in trade payables		29.752.041	16.385.947
Adjustments related to changes due to related parties		9.082.267	(2.167.743)
Adjustments related to changes in deferred income		1.977.840	(15.418)
Adjustments related to changes in employee benefit payables		(7.260.369)	105.046
Adjustments related to changes in other current liabilities		(2.186.806)	27.967.936
<b>Cash flows from operating activities</b>		<b>48.369.287</b>	<b>9.501.137</b>
Employee termination benefits paid	18	(3.296.961)	(9.405.145)
Taxes refund / (paid)	26	(24.238.952)	(3.508.138)
<b>Net cash flows (used in)/from operating activities</b>		<b>20.833.374</b>	<b>(3.412.146)</b>
<b>Investing activities:</b>			
Property, plant and equipment and intangible asset acquisitions	11,12	(21.139.565)	(21.353.668)
Cash generated from sale of property, plant and equipment and intangible assets	11,12,24	1.066.036	3.544.002
Dividend received		88.696.440	--
<b>Net cash used in investing activities</b>		<b>68.622.911</b>	<b>(17.809.666)</b>
<b>Financing activities:</b>			
Interest gained	25	7.078.503	8.302.906
Cash outflow due to leasing		(6.513.378)	(8.010.832)
Cash inflows due to loan received	6	321.008.485	309.091.218
Cash outflows due to loan received	6	(236.566.018)	(260.360.908)
Interest paid	25	(34.195.396)	(45.021.546)
Dividend paid	20	(30.133.000)	--
<b>Net cash (used in)/from financing activities</b>		<b>20.679.196</b>	<b>4.000.838</b>
<b>Net change in cash and cash equivalents</b>		<b>110.135.481</b>	<b>(17.220.974)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	4	<b>10.476.743</b>	<b>27.697.717</b>
<b>Cash and cash equivalents at the ending of the period</b>	4	<b>120.612.224</b>	<b>10.476.743</b>

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

**TAT GIDA SANAYİ A.Ş.****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

**Note 1 – Organisation and Operations of the Company**

Tat Gıda Sanayi A.Ş. ("Tat Gıda" or "the Company") was established in 1967 with the name Tat Konserve Sanayii A.Ş., the name change of the Company was decided at the extraordinary assembly meeting on 30 October 2013 and registered on 15 November 2013. The Company is engaged in production, distribution, marketing, domestic and foreign trade and brokerage of semi-finished goods and finished goods of such products; merchandise goods, food, beverage, juice, agricultural and animal products, frozen foods, dried goods, including pulverized goods and raw and primitive form of materials recipient and additives, sweet and sugar free juice and canned goods. The Company is registered in Turkey and is operating in accordance with the Turkish Commercial Code.

The Company has entered the registered capital system with the permission of the Capital Market Board dated 20.08.1992 and numbered 454. The registered capital of the Company is 250.000.000 TL and it is divided into 25.000.000.000 shares each with a nominal value of 1 Kuruş. The permission of the registered share capital ceiling is valid for 5 years between 2017 - 2021 and the Board of Directors has the authority to issue shares above the nominal value and to restrict the rights of the current shareholders.

The issued capital of the Company is TL 136.000.000 and its parent is Koç Holding A.Ş. Detailed information on the shareholding structure is given in Note 18.

The shares of the Company are traded in Borsa İstanbul as of 9 August 1993 and the share in the actual circulation is 41.30%.

The registered head office address of the company is "Taşdelen Mah. Sırrı Çelik Bulvarı No:7 34788 Çekmeköy/İstanbul/Türkiye" The company carries out its production activities in Mustafakemalpaşa / Bursa, Karacabey / Bursa, Torbalı İzmir and Söke / Aydın.

The domestic marketing and sales activities of the Company are performed by Düzey Tüketim Malları Sanayi Pazarlama A.Ş. ("Düzey"), a Koç Group company; some part of export activities of the Company are performed by Ram Dış Ticaret A.Ş. ("Ram"), a Koç Group company.

As of 31 December 2018, the number of end-of-period, average, permanent and temporary personnel employed within the Company is as follows:

	2020		2019	
	End of Period	Average	End of Period	Average
<b>Total</b>	<b>849</b>	<b>1.084</b>	<b>823</b>	<b>1.061</b>
Permanent Personnel	720	727	741	796
Temporary Personnel	129	357	82	265

## TAT GIDA SANAYİ A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

## Note 2 – Basis of Presentation of Financial Statements

### 2.1 Basic Principles of Presentation

#### Principles of measurement

The unconsolidated financial statements are prepared in Turkish Lira (“TL”) based on the historical cost convention except for the equity instruments and derivatives which are carried at fair value through profit or loss. In determining the historical cost, the fair value of the amount paid for the assets is generally taken as the basis. The financial statements have been prepared on the basis of the inflation adjusted historical cost basis.

#### Reporting and Functional Currency

The financial statements are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the financial statements, the functional and presentation currency of the Company is TL.

#### Correction of financial statements of hyperinflation periods

With the decision taken on 17 March 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with Turkish accounting standards. Accordingly, TMS 29 is not applied starting from 1 January 2005.

#### Foreign Currency

##### Foreign currency transactions

Transactions in foreign currency are translated at the exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies have been translated at the exchange rates at the reporting date. Foreign currency, non-monetary assets and liabilities measured at fair value are converted to the functional currency at the exchange rate at the date when the fair value is determined in foreign currency. Foreign exchange differences arising from rediscount are generally recognized in profit or loss. Non-monetary items measured in terms of foreign currency historical costs are not translated.

Foreign exchange differences arising from the redistribution of the following items are recognized in other comprehensive income:

- equity instruments recognized under equity, other equity items reflected in other comprehensive income (except for the purpose of impairment, foreign exchange differences recognized in other comprehensive income are reclassified to profit or loss);

Foreign exchange differences are recognized in profit or loss in the period in which they arise:

- Foreign exchange differences related to the assets that are being constructed for future use and included in the cost of such assets, which are considered as a correction item in the interest costs on the liabilities denominated in a foreign currency,

## TAT GIDA SANAYİ A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

## Note 2 – Basis of Presentation of Financial Statements (Continued)

### 2.1 Basic Principles of Presentation (Continued)

#### Foreign Currency (Continued)

- Foreign exchange differences arising from transactions with the purpose of providing financial protection against the risks arising from the foreign currency (accounting policies for providing financial protection against risks).

Annual changes in Euro / TL and USD / TL exchange rates are as follows at the end of the reporting period:

	31 December 2020	31 December 2019
Euro / TL	9,0079	6,6506
US Dollar / TL	7,3405	5,9402

### 2.2 Statement of Compliance to Turkish Financial Reporting Standards (“TFRS”)

The financial statements of the company have been prepared in accordance with TFRS. TFRSs include Turkish Accounting Standards (TAS), Turkish Financial Reporting Standards (TFRSs), TMS Comments and Turkey Financial Reporting Standards comprise standards and interpretations published by TAS Reviews, published by the Public Oversight, Accounting and Auditing Standards Authority (“POA”).

The attached financial statements prepared based on the Capital Markets Board Notification No II-14.1 published in the Official Gazette dated 13 June 2013 and numbered 28676, the Public Oversight, Accounting and Auditing Standards Authority (“KGK”), which was enacted by Turkey Financial Reporting Standards (“TFRSs”) as appropriate. TFRS; includes standards and comments published by the ups under the names of Turkish Accounting Standards (“TAS”), Turkish Financial Reporting Standards, TAS comments and TFRS comments.

The financial statements are presented in accordance with Turkish Accounting Standards (“TAS”) Taxonomy published by the POA and the formats specified in the Financial Statements Examples and User Guidelines published by the POA dated 7 June 2019 and published in the Official Gazette numbered 30794.

#### Approval of financial statements:

The financial statements prepared as of and for the year ended 31 December 2020 is approved by the management on 12 February 2021. General Assembly and other regulatory authorities have the right to restate the legal financial statements, base of the accompanying financial statements, after the financial statements is published.

### 2.3 Financial Statements of Comparative Information and Restatement of Prior Period

The financial statements of the Company are prepared in comparison with the previous period in order to enable the determination of financial status and performance trends. In accordance with the presentation of the current period financial statements, comparative information is reclassified and significant differences are disclosed.

Profit and Loss statement for the period 1 January - 31 December 2019 and 1 January - 31 December 2020, based on the decision of the production facilities of the milk and milk product business line and all other related assets and liabilities to be sold in 2021 with the decision of the board of directors dated 6 January 2021, and in the other comprehensive income statement, all income and expenses from SEK are classified under “period profit / (loss) from discontinued operations”.

## TAT GIDA SANAYİ A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

## Note 2 – Basis of Presentation of Financial Statements (Continued)

### 2.4 Changes in significant accounting policies

The accounting policies applied in the financial statements of the company as of December 31, 2020 are the same as the accounting policies applied in the financial statements as of the year ending December 31, 2019.

### 2.5 Standards issued but not yet effective and not early adopted

A number of new standards, interpretations of and amendments to existing standards are not effective at reporting date and earlier application is permitted; however the Company has not early adopted are as follows.

#### Classification of Liabilities as Current or Non-current (Amendments to TAS 1)

On 23 January 2020, IASB issued "Classification of Liabilities as Current or Non-Current" which amends IAS 1 Presentation of Financial Statements to clarify its requirements for the presentation of liabilities in the statement of financial position which are issued by POA on 12 March 2020 as amendments to TAS 1.

The amendments clarify one of the criteria in TAS 1 for classifying a liability as non-current—that is, the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

The amendments include:

- a.** Specifying that an entity's right to defer settlement must exist at the end of the reporting period;
- b.** Clarifying that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement;
- c.** Clarifying how lending conditions affect classification; and
- d.** Clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The Company shall apply retrospectively these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. However, the amendment published on 15 July 2020, IASB decided to defer the effective date of IAS 1 until 1 January 2023.

The Company is assessing the potential impact on its financial statements resulting from the application of the amendments to IAS 1

## TAT GIDA SANAYİ A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

## Note 2 – Basis of Presentation of Financial Statements (Continued)

### 2.5 Standards issued but not yet effective and not early adopted (Continued)

#### Covid-19 related rent concession (Amendments to TFRS 16)

In May 2020, IASB issued Covid-19 related rent concession which amends TFRS 16 Leases which is issued by POA on 5 June 2020.

The amendments allow lessees not to account for rent concessions as lease modifications if they arise as a direct consequence of COVID-19.

The practical expedient will only apply if:

- the revised consideration is substantially the same or less than the original consideration;
- the reduction in lease payments relates to payments due on or before 30 June 2021
- no other substantive changes have been made to the terms of the lease.

No practical expedient is provided for lessors. Lessors are required to continue to assess if the rent concessions are lease modifications and account for them accordingly.

The Company shall apply these amendments for annual periods beginning on or after 1 June 2020 with earlier application permitted.

#### Reference to the Conceptual Framework (Amendments to TFRS 3)

In May 2020, IASB issued Reference to the Conceptual Framework, which made amendments to TFRS 3 Business Combinations.

The amendments updated TFRS 3 by replacing a reference to an old version of the Board's Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018.

The Company shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

#### Property, Plant and Equipment—Proceeds before Intended Use (Amendments to TAS 16)

In May 2020, IASB issued Property, Plant and Equipment—Proceeds before Intended Use, which made amendments to TAS 16 Property, Plant and Equipment. The amendments 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.

## TAT GIDA SANAYİ A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

## Note 2 – Basis of Presentation of Financial Statements (Continued)

### 2.5 Standards issued but not yet effective and not early adopted (Continued)

#### Property, Plant and Equipment—Proceeds before Intended Use (Amendments to TAS 16) (Continued)

The amendments improve transparency and consistency by clarifying the accounting requirements—specifically, the amendments 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.

The Company shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

#### Onerous Contracts—Cost of Fulfilling a Contract (Amendments to TAS 37)

In May 2020, IASB issued Onerous Contracts—Cost of Fulfilling a Contract, which made amendments to TAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

IASB developed amendments to TAS 37 to clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

The Company shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

#### Annual Improvements to TFRS Standards 2018–2020

##### Improvements to TFRSs

IASB issued Annual Improvements to TFRSs - 2018–2020 Cycle for applicable standards in May 2020. The amendments are effective as of 1 January 2022. Earlier application is permitted. The Company does not expect that application of these improvements to TFRSs will have significant impact on its financial statements.

#### TFRS 1 First-time Adoption of International Financial Reporting Standards

This amendment simplifies the application of TFRS 1 for a subsidiary that becomes a first-time adopter of IFRS Standards later than its parent – i.e. if a subsidiary adopts TFRS Standards later than its parent and applies TFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to TFRS Standards. This amendment will ease transition to TFRS Standards for subsidiaries applying this optional exemption by i) reducing undue costs; and ii) avoiding the need to maintain parallel sets of accounting records.

## TAT GIDA SANAYİ A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

## Note 2 – Basis of Presentation of Financial Statements (Continued)

### 2.5 Standards issued but not yet effective and not early adopted (Continued)

#### TFRS 9 Financial Instruments

This amendment clarifies that – for the purpose of performing the ‘10 per cent test’ for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

#### TFRS 16 Leases, Illustrative Example 13

The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, this example is not clear as to why such payments are not a lease incentive. It will help to remove the potential for confusion in identifying lease incentives in a common real estate fact pattern.

#### TAS 41 Agriculture

This amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in TAS 41 with those in TFRS 13 Fair Value Measurement. The amendments provide the flexibility to use either, as appropriate, in line with TFRS 13

### 2.6 Significant accounting policies

The accounting policies considered during the preparation of the financial statements are as follows:

#### Cash and cash equivalents

Cash and cash equivalents are carried at cost in the balance sheet. Cash and cash equivalents comprise cash in hand, bank deposits and highly liquid investments, whose maturity at the time of purchase is less than three months (Note 4).

#### Related parties

For the purpose of these financial statements, Koç Holding A.Ş., shareholders, key management personnel and Board members, in each case together with their families and companies, associates and joint ventures controlled by or affiliated with them are considered and referred to as related parties (Note 28).

## TAT GIDA SANAYİ A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

## Note 2 – Basis of Presentation of Financial Statements (Continued)

### 2.6 Significant accounting policies (Continued)

#### Inventories

Inventories are valued at the lower of cost and net realizable value. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of income/(loss) in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down (Note 9).

The cost of inventories is based on weighted average method and includes expenditure incurred in acquiring inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, costs include an appropriate share of production overheads based on normal operating capacity.

#### Tangible fixed assets

##### (i) Recognition and measurement

Tangible fixed assets are measured by deducting any accumulated depreciation and any impairment provisions from their cost values, including borrowing costs. The costs of property, plant and equipment purchased before 1 January 2005 were adjusted for the effects of inflation as of 31 December 2004.

When the parts comprising, tangible fixed assets have different useful lives, they are accounted for as separate parts (significant parts) of the tangible fixed asset.

Gains or losses arising from the disposal of a tangible asset are recognized in profit or loss.

##### (ii) Subsequent cost

Subsequent expenditures can only be capitalized in cases where it is possible to transfer the economic benefits that will arise as a result of these expenditures to the Company.

##### (iii) Amortization

Tangible fixed asset items are subject to depreciation as of the day these assets are completed and ready for use for assets that are currently available or built by the Company. Depreciation is calculated by the straight-line method over the estimated useful lives of these items, after deducting the estimated residual values from the costs of tangible fixed assets. Depreciation is usually recognized in profit or loss unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and the useful life of the leased assets, if the Company will not take ownership of the leased asset with reasonable certainty at the end of the lease. Land is not depreciated.

## TAT GIDA SANAYİ A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

## Note 2 – Basis of Presentation of Financial Statements (Continued)

### 2.6 Significant accounting policies (Continued)

#### Tangible fixed assets (Continued)

The estimated useful lives of material fixed asset items in current and comparative periods are as follows:

- Underground and above ground layouts 30 years,
- Buildings 30 years,
- Machinery, plant and devices 15 years,
- Flooring and fixtures 4-12 years,
- Vehicles 10 years,
- Private costs 5 years

Depreciation methods, useful lives and residual values are reviewed as of each reporting date and adjusted when necessary.

#### Intangible fixed assets

##### Computer Software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (4-8 years).

#### Corporate income taxes

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

##### Current tax

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

##### Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

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

## TAT GIDA SANAYİ A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

## Note 2 – Basis of Presentation of Financial Statements (Continued)

### 2.6 Significant accounting policies (Continued)

#### Corporate income taxes (Continued)

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

These types of investments and interest associated with the taxable temporary differences arising from the deferred tax asset in the near future taxable sufficient to obtain profit in the above mentioned differences can be utilized is probable and the future of the differences on the disappearance is probable that the conditions are calculated.

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

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

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

#### *Current and deferred tax for the period*

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities over cost.

#### Discontinued operations

A discontinued activity is a part of the business of the Company, and it is a part that includes the activities and cash flows that can be clearly distinguished from other parts of the Company and:

- Refers to a separate main line of business or geographical area of activities;
- It is part of the sale of a separate main line of business or geographic area of activities individually within a coordinated plan; or
- It is a subsidiary acquired for resale purposes only.

## TAT GIDA SANAYİ A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

## Note 2 – Basis of Presentation of Financial Statements (Continued)

### 2.6 Significant accounting policies (Continued)

#### Discontinued operations (Continued)

Classification as a discontinued operation takes place after or before the sale of the activity, if the activity meets the criteria for being held for sale.

If an activity is classified as discontinued operations, the profit or loss and other comprehensive income statement is presented again, if this activity was stopped from the beginning of the comparative period.

Based on the decision to sell the production facilities of the milk and milk product business line and all other related assets and liabilities, profit or loss and other comprehensive income statement for the period 1 January - 31 December 2019 and 1 January - 31 December 2020 all of them are classified under "Profit / (loss) for the period from discontinued operations".

As of 31 December 2020, assets of SEK business line are classified under "Assets as held for sale" and liabilities under "Liabilities as held for sales" (Note 15).

Regarding the realization of the sales of production facilities and all other related assets belonging to the pasta and bakery products business line in 2019, all are classified under "Profit / (loss) for the period from discontinued operations" in profit or loss and other comprehensive income for the period from 1 January to 31 December 2019 and from 1 January to 31 December 2020..

As of 31 December 2019, the unsold assets of the Pastavilla business line are classified under "Assets as held for sale".

#### Government grants

The Company recognises an unconditional government grant related to a biological asset in profit or loss as other income when the grant becomes receivable. Other government grants related to assets are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the Company for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised.



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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

## Note 2 – Basis of Presentation of Financial Statements (Continued)

### 2.6 Significant accounting policies (Continued)

#### Financial instruments

##### *i) Recognition and initial measurement*

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

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

##### *ii) Classification and subsequent measurement*

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

*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 cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets (see Note 32(A)). On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

## TAT GIDA SANAYİ A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

## Note 2 – Basis of Presentation of Financial Statements (Continued)

### 2.6 Significant accounting policies (Continued)

#### Financial instruments (Continued)

##### **Financial assets – Business model assessment**

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

##### **Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

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(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

**Note 2 – Basis of Presentation of Financial Statements (Continued)****2.6 Significant accounting policies (Continued)****Financial instruments (Continued)**

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

**TAT GIDA SANAYİ A.Ş.****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

**Note 2 – Basis of Presentation of Financial Statements (Continued)****2.6 Significant accounting policies (Continued)****Financial instruments (Continued)*****Financial assets – Subsequent measurement and gains and losses***

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss. However, see (v) for derivatives designated as hedging instruments.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

**TAT GIDA SANAYİ A.Ş.****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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**Note 2 – Basis of Presentation of Financial Statements (Continued)****2.6 Significant accounting policies (Continued)****Financial instruments (Continued)****Financial liabilities – Classification, subsequent measurement and gains and losses (Continued)**

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

See Note (v) for financial liabilities designated as hedging instruments.

*iii. Derecognition***Financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

*iv. Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**TAT GIDA SANAYİ A.Ş.****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

**Note 2 – Basis of Presentation of Financial Statements (Continued)****2.6 Significant accounting policies (Continued)****Financial instruments (Continued)***v. Derivative financial instruments and hedge accounting***Derivative financial instruments and hedge accounting**

The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Company designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates and certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

**Cash flow hedges**

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

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(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

**Note 2 – Basis of Presentation of Financial Statements (Continued)****2.6 Significant accounting policies (Continued)****Financial instruments (Continued)***v. Derivative financial instruments and hedge accounting (Continued)***Cash flow hedges (Continued)**

The Company designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts (forward points) is separately accounted for as a cost of hedging and recognised in a costs of hedging reserve within equity.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss. If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

**Capital**

The ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

**Provision for employee termination benefits**

Employment termination benefits, represents the present value of the future probable obligation of the Company arising from the retirement of the employees calculated in accordance with the Turkish Labor Law, employment termination without due cause, call up for military service and death of the employees after at least one year work (Note 18).

**Classified assets held for sale and discontinued operations**

Instead of continuing to use, the disposal group consisting of fixed assets or assets and liabilities that are likely to be disposed of is classified as being for sale or distribution purposes. Such assets or disposal group are measured with the lower of their net book value and their fair value less costs to sell. The impairment in the asset group to be disposed of is allocated primarily to goodwill and then, provided that no impairment loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment properties or biological assets, which

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(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

**Note 2 – Basis of Presentation of Financial Statements (Continued)****2.6 Significant accounting policies (Continued)****Financial instruments (Continued)***v. Derivative financial instruments and hedge accounting (Continued)***Classified assets held for sale and discontinued operations (Continued)**

are valued in accordance with the Company's accounting policies. It is allocated proportionally to the remaining assets and liabilities. As non-current assets held for sale or distribution, impairment losses on the date of first classification and gains and losses in subsequent measurements are recognized in profit or loss. Intangible fixed assets and tangible fixed assets are not subject to depreciation or amortization after they are classified as held for sale or distribution. In addition, equity accounting is terminated for investments valued with the equity method.

**Provisions, contingent assets and liabilities**

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company are not included in financial tables and treated as contingent assets or liabilities.

Provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

**TFRS 15 Revenue from Contracts with Customers****General model for revenue recognition**

TFRS 15 requires revenue recognition for all contracts with customers to follow the five-step approach to revenue recognition.

*Step 1: Identifying the contract*

A contract exists only if it is legally enforceable, the collection of the consideration is probable, the rights to goods and services and payment terms can be identified, the contract has commercial substance; and the contract is approved, and the parties are committed to their obligations.

If either contracts were negotiated as a single commercial package, or consideration in one contract depends on the other contract or goods or services (or some of the goods or services) are a single performance obligation the Company accounts the contracts as a single contract.

*Step 2: Identifying the performance obligations*

The Company defines 'performance obligation' as a unit of account for revenue recognition. The Company assesses the goods or services promised in a contract with a customer and identifies as:

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**Note 2 – Basis of Presentation of Financial Statements (Continued)****2.6 Significant accounting policies (Continued)****Step 2: Identifying the performance obligations (Continued)**

- (a) a performance obligation either a good or service that is distinct;
- (b) or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer.

A contract may contain promises to deliver a series of distinct goods or services that are substantially the same. At contract inception, an entity determines whether the series of goods or services is a single performance obligation.

**Step 3: Determining the transaction price**

In order to determine the transaction price, the Company assesses how much consideration it expects to be entitled to by fulfilling the contract. In arriving at the assessment, the Company considers variable elements of consideration, as well as the existence of a significant financing component.

**Significant financing component**

The Company revises the promised amount of consideration for the effect of a significant financing component to the amount that reflects what the cash selling price of the promised good or service. As a practical expedient, the Company does not adjust the transaction price for the effects of a significant financing component if, at contract inception, the entity expects the period between customer payment and the transfer of goods or services to be one year or less. In cases where advance for the services are received and the payment scheme is broadly aligned with the Company's performance throughout the period, the Company concludes that the period between performance and payment is never more than 12 months, therefore the expedient is applied.

**Variable consideration**

The Company identifies items such as price concessions, incentives, performance bonuses, completion bonuses, price adjustment clauses, penalties, discounts, credits, or similar items may result in variable consideration if there is any in a customer contract.

**Step 4: Allocating the transaction price to performance obligations**

If distinct goods or services are delivered under a single arrangement, then the consideration is allocated based on relative stand-alone selling prices of the distinct goods or services (performance obligations). If directly observable stand-alone selling prices are not available, the total consideration in the service contracts is allocated based on their expected cost plus a margin.

**Step 5: Recognition of revenue**

The Company recognizes revenue over-time if any of the following conditions is met:

- Customer simultaneously receives and consumes the benefits as the entity performs, or

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**Note 2 – Basis of Presentation of Financial Statements (Continued)****2.6 Significant accounting policies (Continued)****Step 5: Recognition of revenue (Continued)**

- The customer controls the asset as the entity creates or enhances it, or
- Company's performance does not create an asset for which the entity has an use; and alternative there is a right to payment for performance to date.

For each performance obligation that is satisfied over time, an entity selects a single measure of progress, which depicts the transfer of control of the goods or services to the customer. The Company uses a method that measures the work performed reliably. The Company uses cost incurred to measure the progress towards to completion of the project where the input method is used and uses units transferred to measure the progress towards to completion of the project where the output method is used.

If a performance obligation is not satisfied over time, then the Company recognize revenue at the point in time at which it transfers control of the good or service to the customer.

The Company recognizes a provision in accordance with TAS 37 "Provisions, Contingent Liabilities and Contingent Assets" when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits.

**Contract changes**

If the Company commits to offer additional goods or services, it accepts the contract change as a separate contract. In case of the termination of the existing contract and the creation of a new contract, if the goods or services offered are different, they shall recognize the related changes. If the amendment to the contract does not create separate goods or services, the entity shall, with the first contract, recognize by combining additional goods or services as if it were a part of the initial contract.

**Dividend and interest income**

Dividend income from equity investments is recognized when the shareholders' right to receive dividends is established (as long as it is possible for the Company to obtain economic benefits and to reliably measure revenue).

Interest income from financial assets is recognized when the Company is expected to obtain economic benefits and that the revenue can be measured reliably.

**Finance income and cost**

Finance income is comprised of interest income and foreign exchange gains. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs are comprised of interest expense on borrowings, transaction costs, coupon payments of bond, impairment losses recognized on financial assets (except for trade receivables). Borrowing costs that cannot be matched with acquisition, construction or production of an asset are recognized in profit or loss by using effective interest rate.

Discount, late payment and foreign exchange gains and losses arising from trading transactions are recognized in other operating income and expense.

## TAT GIDA SANAYİ A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

## Note 2 – Basis of Presentation of Financial Statements (Continued)

### 2.6 Significant accounting policies (Continued)

#### Earnings per share / (loss)

The basic earnings/ (loss) per share is calculated by dividing the profit/ (loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

#### Cash flow statement

In statement of cash flow, cash flows are classified according to operating, investment and finance activities. Cash flows from operating activities reflect cash flows generated from the sales of goods and commodities of the Company.

Cash flows from investment activities express cash used in investment activities (direct investments and financial investments) and cash flows generated from investment activities of the Company. Cash flows relating to finance activities express sources of financial activities and payment schedules of the Company.

#### Netting / offset

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

### 2.7 Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### (a) Useful lives of tangible assets

The depreciation on property, plant and equipment is provided using the useful lives discussed in Note 11 to the financial statements.

#### (b) Deferred tax asset

Deferred tax assets and liabilities are recorded using substantially enacted tax rates for the effect of temporary differences between book and tax bases of assets and liabilities. Currently, there are deferred tax assets resulting from operating loss carry forwards and deductible temporary differences, all of which could reduce taxable income in the future. Based on available evidence, both positive and negative, it is determined whether it is probable that all or a portion of the deferred tax assets will be realized. The main factors which are considered include future earnings potential; cumulative losses in recent years; history of loss carry-forwards and other tax assets expiring; the carry-forward period associated with the deferred tax assets; future reversals of existing taxable temporary differences; tax-planning strategies that would, if necessary, be implemented, and the nature of the income that can be used to realize the deferred tax asset. The Company has recognized provision for a certain portion of loss carry forwards of Moova, the subsidiary purchased in 2014 and merged with in the current year, in accordance with its profitability projections.

## TAT GIDA SANAYİ A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

## Note 3 – Segment Reporting

### 2.7 Critical accounting estimates and assumptions (Continued)

#### Primary reporting format - business segment

In addition to the reporting format according to industrial segments, the company also evaluated the display of the details of the revenue during the period based on the geographical location of the customers. However, it has been concluded that the activities do not have the feature of reportable segments in terms of geographical regions, since the Company makes most of its sales to Düzey Tüketim Malları Sanayi Pazarlama A.Ş. ("Düzey"). Since the company management evaluates the operating results and performance over the financial statements prepared in accordance with TFRS, TFRS financial statements are used when preparing the reporting according to the departments.

Tat Gıda Sanayi A.Ş. Within the framework of long-term business plans, the Board of Directors decided to exit the pasta and bakery products business line in 2019, taking into account its share in total turnover and profitability. Production activities in Pastavilla business, which operates in the pasta and bakery products business line, ended as of September 2, 2019, and sales activities as of October 2, 2019 following the completion of the brand transfer.

Following the cessation of the company's activities in the pasta and bakery products business line, it was announced to the public on October 13, 2020, that the works for the sale of the real estate belonging to the pasta business in Bornova district of Izmir province were initiated in case of suitable conditions; on 9 November 2020, sales were made for TL 85.500.000, excluding VAT.

Based on these developments, all income and expenses arising from Pastavilla are classified under "Profit / (loss) for the period from discontinued operations" in the profit or loss and other comprehensive income statement for the period 1 January - 31 December 2019 and 1 January - 31 December 2020. The assets of Pastavilla business line for the period 1 January - 31 December 2019 are classified under "Assets as held for sales" (Note 15).

With the public announcement made on January 6, 2021 and the decision of the board of directors, the decision to focus on the tomato paste and canned products business line, which has a higher share in the total profitability and the sale of the production facilities and all other related assets and liabilities given in milk and milk product segment.

Based on the decision to sell the production facilities of the milk and milk product business line and all other related assets and liabilities, all related income and expense are classified under "Profit / (loss) for the period from discontinued operations" the statement of profit or loss and other comprehensive income for the period from 1 January to 31 December 2019 and from 1 January to 31 December 2020. The assets of the SEK business line for the period between 1 January - 31 December 2020 are classified under "Assets as held for sales", and liabilities under "Liabilities as held for sales" (Note 15).

The domestic marketing and sales activities of the company are carried out by Düzey, a Koç Group company. The amount of sales to Düzey is TL 1.173.618.402 for the period ending on December 31, 2020 (December 31, 2019: TL 977.569.693).

## TAT GIDA SANAYİ A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

## Note 3 – Segment Reporting (Continued)

### 2.7 Critical accounting estimates and assumptions (Continued)

#### a) Revenue segmental analysis for the year ended 1 January - 31 December 2020 and 2019

	2020	2019
Tomato paste and canned products	802.944.100	553.221.806
Discontinued operations (*)	693.660.368	647.426.896
-Milk and milk products	693.660.368	588.894.140
-Pasta and bakery products	--	58.532.756
	<b>1.496.604.468</b>	<b>1.200.648.702</b>

(\*) Based on the decision to exit the pasta and bakery products business as of October 2, 2019 and to sell all related assets of the SEK business line in 2021, all income and expenses arising from Pastavilla and SEK business line were classified under "Period profit / (loss) from discontinued operations".

#### b) Segment assets

Assets used in the main activities of a segment and that can be directly associated with that segment or can be allocated reasonably to that segment are defined as segment assets. In line with the company's sales network and organizational structure, tangible and intangible fixed assets are defined as segment assets.

As at 31 December, the recorded amounts of the segment assets according to industrial segments are as follows:

	2020	2019
Tomato paste and canned products	88.263.126	78.220.396
Discontinued operations	102.066.851	111.454.579
-Milk and milk products	102.066.851	109.123.130
-Pasta and bakery products	--	2.331.449
Assets that cannot be allocated to segments	8.886.523	8.922.393
	<b>199.216.500</b>	<b>198.597.368</b>

#### c) Segment liabilities

Described as liabilities that result from the operating activities of a segment and that are either directly attributable to the segment or can be allocated to the segment on a reasonable basis.

In the general framework of the organizational structure of the Company and its internal financial reporting system, trade and other payables are analyzed in the basis of industrial segments. As a result, reporting of segment liabilities are not required.

## TAT GIDA SANAYİ A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

## Note 3 – Segment Reporting (Continued)

### 2.7 Critical accounting estimates and assumptions (Continued)

#### d) Depreciation and amortization and capital expenditures

The depreciation and amortization of the industrial segment assets for the years ended 31 December are as follows:

	2020	2019
<b>Tomato paste and canned products</b>		
Discontinued operations	8.443.071	7.358.672
-Milk and milk products	11.563.558	11.503.024
-Pasta and bakery products	11.563.558	10.977.179
-Makarna ve unlu mamüller	--	525.845
Depreciation and amortization charges that cannot be allocated to segments	5.398.542	3.993.258
	<b>25.405.171</b>	<b>22.854.954</b>

As at 31 December, investment expenditures for the industrial segment assets are as follows:

	2020	2019
Tomato paste and canned products	36.593.050	13.390.727
Discontinued operations	2.460.188	4.966.565
-Milk and milk products	2.460.188	4.889.451
-Pasta and bakery products	--	77.114
Investment expenditures that cannot be allocated to segments	690.307	2.996.376
	<b>39.743.545</b>	<b>21.353.668</b>

## TAT GIDA SANAYİ A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

## Note 4 – Cash and Cash Equivalents

The details of cash and cash equivalents as of 31 December are as follows:

	2020	2019
Banks	120.612.224	10.476.743
- Time deposit – TL	60.531.823	5.530.000
- Time deposit – foreign currency	60.059.489	4.602.972
- Demand deposit – TL	20.912	45.055
- Demand deposits – foreign currency	--	298.716
	<b>120.612.224</b>	<b>10.476.743</b>

The maturity of time deposits varies between January 4, 2021 and February 16, 2021, with interest rates of TL 19,00%, USD 3,00% and 0,10%, Euro 2,65%, %2,25, %2,15 and %0,01. (31 December 2019: Maturity of time deposits is 2 January 2020 with interest rates of TL 10,25%, USD 1,25% and 0,20%, Euro 0,10%).

As of 31 December 2020, there is no blockage on cash and cash equivalents. (2019: None)

Explanations on the nature and level of risks in cash and cash equivalents are disclosed in Note 29.

## Note 5 – Financial Assets

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

	%	2020	%	2019
Fair value change reflected in other comprehensive income - equity instruments				
Ram	7,5	3.829.200	7,5	1.965.225
Düzey	1,1	544.641	1,1	544.641
Others		7.733		7.733
		<b>4.381.574</b>		<b>2.517.599</b>

## TAT GIDA SANAYİ A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

## Note 6 – Borrowings

The details of financial borrowings as at 31 December are as follows:

	2020	2019
Short-term loans	42.383.179	--
Short term portions of long-term loans	2.881.148	54.244.208
Short-term portions of long-term issued bonds	70.350.384	156.676
Short-term leasing liabilities	6.593.978	6.587.202
<b>Total short-term borrowings</b>	<b>122.208.689</b>	<b>60.988.086</b>
Long-term loans	175.000.000	80.000.000
Long-term issued bonds	--	70.000.000
Long-term leasing liabilities	5.836.812	16.610.370
<b>Total long-term financial borrowings</b>	<b>180.836.812</b>	<b>166.610.370</b>
	<b>303.045.501</b>	<b>227.598.456</b>

The Company does not have any pledges or mortgages given for its financial liabilities (31 December 2019: None).

The Company has local currency unsecured loans with fixed interest rates. The details of financial liabilities as at 31 December are as follows:

	The weighted average interest rate	Original Amount	31 December 2020 Net Book Value (TL)
<b>Short term financial borrowings</b>			
TL borrowings	3,88%	45.264.327	45.264.327
Bond issued	16,92%	70.350.384	70.350.384
			<b>115.614.711</b>
<b>Long term financial borrowings</b>			
TL borrowings	9,64%	175.000.000	175.000.000
			<b>175.000.000</b>

The company issued bonds with coupon interest payments every three months, worth TL 70,000,000 on 25 June 2019, based on the decision of the board of directors, numbered 2019/18, dated April 26, 2019. Turkey Economy Bank interest rate in order to avoid risks that may occur realized interest rate swap transactions.



**TAT GIDA SANAYİ A.Ş.****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

**Note 6 – Borrowings (Continued)**

	The weighted average interest rate	Original Amount	31 December 2019 Net Book Value (TL)
Short term financial borrowings	16,32%	54.244.208	54.244.208
TL borrowings	11,67%	156.676	156.676
			<b>54.400.884</b>
<b>Long term financial borrowings</b>			
TL borrowings	14,34%	80.000.000	80.000.000
	11,67%	70.000.000	70.000.000
			<b>150.000.000</b>

As at 31 December, long-term loans denominated in TL currency payment plan is as follows:

	2020	2019
2020	115.614.711	54.400.884
2021	175.000.000	150.000.000
	<b>290.614.711</b>	<b>204.400.884</b>

As at 31 December, long-term loans denominated in TL currency payment plan is as follows:

	2020	2019
To be paid on demand or within 1 year	6.593.978	6.587.202
1-2 years	3.405.658	6.948.287
2-3 years	2.407.985	5.434.536
3-4 years	23.169	4.227.547
	<b>12.430.790</b>	<b>23.197.572</b>

The cash flow statement of the Company's financing activities is as follows:

	2020	2019
<b>Opening balance on January 1</b>	<b>204.400.884</b>	<b>156.030.807</b>
<i>Cash transactions</i>		
Cash inflows from credit debts used	321.008.485	309.091.218
Cash outflow related to loan debt repayments	(236.566.018)	(260.360.908)
<i>Non-cash transactions</i>		
The cost of the redeemed value	1.771.360	(360.233)
<b>31 December closing balance</b>	<b>290.614.711</b>	<b>204.400.884</b>

**TAT GIDA SANAYİ A.Ş.****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

**Note 7 – Trade Receivables and Payables****Trade receivables**

The details of trade receivables are as follows as at 31 December:

	2020	2019
Trade receivables from related parties (Note 28)	429.134.382	376.303.231
Notes and cheques receivable	19.301.830	8.835.953
Trade receivables	--	1.603.019
Provisions for doubtful receivables	(2.861.871)	(2.861.871)
	<b>445.574.341</b>	<b>383.880.332</b>

Movement of provision for doubtful receivables as of 31 December 2020 and 31 December 2019 are as follows:

The nature and level of risk in trade receivables are given in Note 25.

	2020	2019
Opening balance	(2.861.871)	(2.934.069)
Provisions made during the year	--	72.198
	<b>(2.861.871)</b>	<b>(2.861.871)</b>

**Trade Payables**

As at 31 December, details of trade payables are as follows:

	2020	2019
Suppliers	171.665.072	144.666.898
Trade payables to related parties (Note 25)	41.763.975	36.101.953
	<b>213.429.047</b>	<b>180.768.851</b>

**Note 8 – Other Receivables and Payables**

As at 31 December, other receivables and payables are as follows:

	2020	2019
<b>Short term other receivables</b>		
Other receivables	1.071.452	1.336.347
	<b>1.071.452</b>	<b>1.336.347</b>

**TAT GIDA SANAYİ A.Ş.****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

**Note 8 – Other Receivables and Payables (Continued)**

	2020	2019
<b>Long term other receivables</b>		
Deposits and guarantees given	68.085	68.085
	<b>68.085</b>	<b>68.085</b>
<b>Payables to third parties:</b>	<b>2020</b>	<b>2019</b>
Taxes and funds payable	8.793.205	4.552.739
Others	81.622	87.906
	<b>8.874.827</b>	<b>4.640.645</b>

**Note 9 – Inventories**

As at 31 December, details of inventories are as follows:

	31 December 2020	31 December 2019
Raw material	29.746.133	45.565.139
Semi-finished goods	--	7.599.789
Finished goods	330.938.004	284.849.190
-Tomato paste and canned products	330.938.004	264.933.651
-Milk and milk products	--	19.915.539
Other inventory	252.099	421.857
Inventory impairment	(200.000)	--
	<b>360.736.236</b>	<b>338.435.975</b>

As at 31 December 2020 and 2019, there are no assets pledged as collateral.

As at 31 December 2019, inventories are insured amounting to TL 370.000.000 (2019: TL 325.992.887).

**Note 10 – Prepaid Expenses and Deferred Income**

As at 31 December, details of prepaid expense and deferred income is as follows:

	2020	2019
<b>Short-term prepaid expenses</b>		
Expenses related to future months	5.040.446	5.688.150
Advances given for the purchase of inventory	7.679.425	851.517
	<b>12.719.871</b>	<b>6.539.667</b>
<b>Short-term deferred income</b>	<b>2020</b>	<b>2019</b>
Advances received	6.572.117	4.594.277
	<b>6.572.117</b>	<b>4.594.277</b>

**TAT GIDA SANAYİ A.Ş.****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

**Note 11 – Property, Plant and Equipment**

The movements of property, plant and equipment and depreciation as of 31 December 2019 and 31 December 2018 are as follows:

	1 January 2020	Additions	Disposals	Transfers (*)	Classifications (**)	31 December 2020
<b>Cost:</b>						
Land	16.468.023	--	--	--	(14.048.685)	2.419.338
Land improvements	7.643.497	4.643.803	--	--	(1.220.640)	11.066.660
Buildings	58.910.342	243.380	--	--	(26.052.025)	33.101.697
Machinery and equipment	319.401.532	13.253.031	(8.180.406)	--	(121.886.394)	202.587.763
Vehicles	832.991	85.455	(80.397)	--	(22.784)	815.265
Furniture and fixtures	40.407.566	2.088.673	(1.526.789)	--	(17.894.654)	23.074.796
Leasehold improvements	10.103.555	132.490	--	--	(229.653)	10.006.392
Construction in progress	852.258	--	--	(852.258)	--	--
	<b>454.619.764</b>	<b>20.446.832</b>	<b>(9.787.592)</b>	<b>(852.258)</b>	<b>(181.354.835)</b>	<b>283.071.911</b>
<b>Accumulated depreciation:</b>						
Land improvements	3.327.862	264.739	--	--	(329.996)	3.262.605
Buildings	3.327.862	264.739	--	--	(329.996)	3.262.605
Machinery and equipment	31.556.339	1.529.124	--	--	(9.351.664)	23.733.799
Machinery and equipment	198.153.391	12.254.661	(8.072.913)	--	(62.413.224)	139.921.915
Vehicles	593.747	45.618	(80.397)	--	(22.784)	536.184
Furniture and fixtures	23.948.982	2.255.661	(1.437.887)	--	(8.174.673)	16.592.083
Leasehold improvements	8.899.105	323.502	--	--	(227.373)	8.995.234
	<b>266.479.426</b>	<b>16.673.305</b>	<b>(9.591.197)</b>	--	<b>(80.519.714)</b>	<b>193.041.820</b>
<b>Net book value</b>	<b>188.140.338</b>					<b>90.030.091</b>

(\*) There is a 852.258 TL transfer from construction in progress to intangible assets. (2019: 25.000 TL)

(\*\*) As a result of the decision to sell the milk and milk product business line, the remaining fixed assets related to the relevant line of business were classified into the account "Assets as held for sales".

As at 31 December 2019, tangible assets are insured amounting to TL 1.189.050.000 (2019: TL 1.024.720.000).

**TAT GIDA SANAYİ A.Ş.****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

**Note 11 – Property, Plant and Equipment (Continued)**

	1 January 2020	Additions	Disposals	Transfers (*)	Classifications (**)	31 December 2020
<b>Cost:</b>						
Land	16.850.999	31.886	--	--	(414.862)	16.468.023
Land improvements	7.572.953	132.882	--	6.480	(68.818)	7.643.497
Buildings	63.338.391	371.081	--	--	(4.799.130)	58.910.342
Machinery and equip-ment	369.029.350	13.454.238	(18.296.148)	20.368	(44.806.276)	319.401.532
Vehicles	869.577	5.300	--	--	(41.886)	832.991
Furniture and fixtures	37.341.087	4.180.740	(805.663)	--	(308.598)	40.407.566
Leasehold improvements	9.486.365	617.190	--	--	--	10.103.555
Construction in progress	51.848	852.258	--	(51.848)	--	852.258
	<b>504.540.570</b>	<b>19.645.575</b>	<b>(19.101.811)</b>	<b>(25.000)</b>	<b>(50.439.570)</b>	<b>454.619.764</b>
	1 January 2019	Current Year Charge	Disposals	Transfers (*)	Classifications (**)	31 December 2019
<b>Accumulated depreciation:</b>						
Buildings	3.163.719	195.517	--	--	(31.374)	3.327.862
Machinery and equip-ment	34.230.570	1.582.743	--	--	(4.256.974)	31.556.339
Vehicles	245.670.231	11.945.789	(15.840.599)	--	(43.622.030)	198.153.391
Furniture and fixtures	586.751	48.882	--	--	(41.886)	593.747
Leasehold improvements	22.698.548	2.030.457	(624.167)	--	(155.856)	23.948.982
	8.643.436	255.669	--	--	--	8.899.105
	<b>314.993.255</b>	<b>16.059.057</b>	<b>(16.464.766)</b>	<b>--</b>	<b>(48.108.120)</b>	<b>266.479.426</b>
<b>Net book value</b>	<b>189.547.315</b>					<b>188.140.338</b>

(\*) In 2019, a transfer of 25.000 TL was made to other intangible assets.

(\*\*) As a result of the sale of the Pastavilla brand and the termination of production activities in 2019, the remaining fixed assets related to the relevant brand were classified into the "Assets as held for sales" account.

As of December 31, 2019, the amount of insurance coverage on fixed assets is 1,024,720,000 TL

For the year ended 31 December 2019, depreciation expenses amounting to TL 14.814.443 (31 December 2019: TL 13.947.236) has been recognized under cost of sales, TL 1.427.076 (31 December 2019: TL 1.530.824) has been recognized under general administrative expenses, TL 158.725 (31 December 2019: TL 112.707) has been recognized under research and development expenses and TL 184.306 (31 December 2019: TL 468.290) has been recognized under selling, marketing and distribution expenses.

The estimated useful lives of tangible assets are as follows:

Land and land improvements	30 years
Buildings	30 years
Machinery and equipment	15 years
Furniture and fixtures	4-12 years
Vehicles	10 years
Leasehold improvements	5 years

**TAT GIDA SANAYİ A.Ş.****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

**Note 12 – Intangible Assets**

For the years ended December 31, the movements of intangible assets and related accumulated amortization are as follows:

	1 January 2020	Additions	Transfers	Classification (*)	31 December 2020
<b>Cost:</b>					
Rights	12.715.850	107.742	852.258	(3.826.063)	9.849.787
Other intangible assets	1.124.229	584.991	--	--	1.709.220
	<b>13.840.079</b>	<b>692.733</b>	<b>852.258</b>	<b>(3.826.063)</b>	<b>11.559.007</b>
	1 January 2020	Additions	Transfers	Classification (*)	31 December 2020
<b>Accumulated Amortization:</b>					
Rights	5.547.115	1.188.167	--	(2.594.333)	4.140.949
Other intangible asset	167.384	131.115	--	--	298.499
	<b>5.714.499</b>	<b>1.319.282</b>	<b>--</b>	<b>(2.594.333)</b>	<b>4.439.448</b>
<b>Net Book Value</b>	<b>8.125.580</b>			<b>8.125.580</b>	<b>7.119.559</b>
	1 January 2019	Additions	Transfers		31 December
<b>Cost:</b>					
Rights	11.368.486	1.322.364	25.000		12.715.850
Other intangible assets	738.500	385.729	--		1.124.229
	<b>12.106.986</b>	<b>1.708.093</b>	<b>25.000</b>		<b>13.840.079</b>
	1 January 2019	Additions	Transfers		31 December 2019
<b>Accumulated Amortization:</b>					
Rights	4.546.397	1.000.718	--		5.547.115
Other intangible asset	85.612	81.772	--		167.384
	<b>4.632.009</b>	<b>1.082.490</b>	<b>--</b>		<b>5.714.499</b>
<b>Net Book Value</b>	<b>7.474.977</b>				<b>8.125.580</b>

(\*) Depending on the decision to sell all related assets in the milk and milk product business line, TL 1.231.730 from the rights account was classified into "Assets as held for sales" as of 31 December 2020.

As of 31 December 2020, all of the amortization expenses amounting to TL 1.319.282 (2019: TL 1.082.490) have been included in general administrative expenses. With the approval granted by the Ministry of Science, Industry and Technology as of October 6, 2017, the Company's R & D Center started its activities to benefit from incentives and exemptions under the scope of No. 5746. As of 31 December, 2020, there is no arrears were capitalized in intangible assets (2019: None).

Rights	5 years
Computer software	5-10 years
Other intangible assets	5-10 years

**TAT GIDA SANAYİ A.Ş.****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

**Note 12 – Intangible Assets (Continued)**

Right of use assets as of 31 December 2020 are as follows;

<b>Cost:</b>	<b>1 January 2020</b>	<b>Additions</b>	<b>Disposals (-) (*)</b>	<b>Transfers</b>	<b>31 December 2020</b>
Buildings	10.184.317	959.508	--	--	11.143.825
Machinery and equipment	5.645.969	--	(5.276.609)	(319.794)	49.566
Vehicles	5.160.523	840.671	--	(190.095)	5.811.099
Furniture and fixtures	6.064.707	2.110.540	(5.065.358)	(266.726)	2.843.163
	<b>27.055.516</b>	<b>3.910.719</b>	<b>(10.341.967)</b>	<b>(776.615)</b>	<b>19.847.653</b>
<b>Accumulated Amortization:</b>	<b>1 January 2020</b>	<b>Additions</b>	<b>Disposals (-) (*)</b>	<b>Transfers</b>	<b>31 December 2020</b>
Builsings	(1.997.158)	(2.706.623)	--	--	(4.703.781)
Machinery and equipment	(1.168.846)	(1.119.281)	2.110.643	127.918	(49.566)
Vehicles	(1.420.844)	(1.670.922)	--	72.826	(3.018.940)
Furniture and fixtures	(1.053.167)	(1.915.617)	1.534.911	80.823	(1.353.050)
	<b>(5.640.015)</b>	<b>(7.412.443)</b>	<b>3.645.554</b>	<b>281.567</b>	<b>(9.125.337)</b>
<b>Net kayıtlı değer</b>	<b>21.415.501</b>				<b>10.722.316</b>

(\*) It is the effect of adjustments made as of December 31, 2020, depending on the classification of all related assets related to milk and milk products as held for sale.

Right of use assets as of 31 December 2019 are as follows;

<b>Cost:</b>	<b>1 January 2019</b>	<b>Additions</b>	<b>Disposals (-)</b>	<b>31 December 2019</b>
Buildings	7.364.534	2.819.783	--	10.184.317
Machinery and equipment	5.530.352	115.617	--	5.645.969
Vehicles	3.166.836	2.189.812	(196.125)	5.160.523
Furniture and fixtures	746.357	5.643.033	(324.683)	6.064.707
	<b>16.808.079</b>	<b>10.768.245</b>	<b>(10.341.967)</b>	<b>27.055.516</b>
<b>Accumulated Amortization:</b>	<b>1 January 2019</b>	<b>Additions</b>	<b>Disposals (-)</b>	<b>31 December 2019</b>
Builsings	--	(1.997.158)	--	(1.997.158)
Machinery and equipment	--	(1.168.846)	--	(1.168.846)
Vehicles	--	(1.494.236)	73.392	(1.420.844)
Furniture and fixtures	--	(1.053.167)	--	(1.053.167)
	<b>--</b>	<b>(5.713.407)</b>	<b>73.392</b>	<b>(5.640.015)</b>
<b>Net book value</b>	<b>16.808.079</b>			<b>21.415.501</b>

**TAT GIDA SANAYİ A.Ş.****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

**Note 13 – Government Incentives and Grants**

There are government incentives that allow the company to pay reduced corporate tax for its various investments. Such incentives are evaluated within the scope of TMS 12 "Income Taxes" standard; Deferred tax assets are recognized on the condition that it is highly probable to benefit from this advantage by obtaining taxable profit in the future over the amount of tax advantage.

As of December 31, 2020, the amount of contribution to the investment that can be discounted is 18.570.835 TL (31 December 2019: 26.295.903 TL). Due to the very low ratio of incentive investment to total investments (approximately 2% to 3%), a tax claim for incentives has not been recorded yet.

**Note 14 – Commitments and Contingent Assets and Liabilities**

As at 31 December, the details of the provisions are as follows:

	<b>31 December 2020</b>	<b>31 December 2019</b>
<b>Provisions</b>		
Provisions for lawsuits	4.641.000	2.341.000
Provision for sales expenses	2.983.082	1.003.221
Provision for Other Administrative Expenses	1.096.120	--
Shipping allowance	503.907	--
Provisions provided to employees	316.000	--
Other provisions	2.337.921	36.697
	<b>11.878.030</b>	<b>3.380.918</b>

The movements of provisions as of years ended 31 December are as follows:

	<b>1 January - 31 December 2020</b>	<b>1 January - 31 December 2019</b>
<b>Provisions for lawsuits</b>		
Opening balance	2.341.000	1.041.000
Additions during the period	2.300.000	1.300.000
Provisions no longer required	--	--
	<b>4.641.000</b>	<b>2.341.000</b>

**TAT GIDA SANAYİ A.Ş.****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

**Note 15 – Assets Classified As Held For Sale**

Tat Gıda Sanayi A.Ş. within the framework of its long-term business announced, on January 6, 2021, the Board of Directors decided to focus on the tomato paste and canned products business line, which has a higher share in the total profitability and exit the milk and milk products business accordingly the sales agreement was signed. In this business line, it has been decided to transfer the SEK brand owned by the company and all related assets to CLA Süt ve Süt Ürünleri Gıda Sanayi Ticaret A.Ş., which is not among the related parties of the company, with a total cash price of 240.000.000.00 TL plus VAT determined by negotiation. TL 105,000,000 of this amount was determined as the Cost of Real Estate, TL 51,756,727 for all stocks that may be transferred at the closing, by taking into account the 30 September 2020 data, and the balance 83,243,273 TL as the sales price of the other assets subject to transfer. The transfer of the finished product stocks, which constitute approximately 20 million TL of the said estimated stock value, to the buyer or directly to third parties will be finalized at the closing stage.

The sales price will be adjusted for the difference between the actual value of all stocks to be transferred to the buyer at the closing date and the estimated stock Value stated above. In addition, the employees to be taken over by the Buyer at the close are paid severance payments etc. liabilities will be deducted from the total sales price.

The transfer depends on the fulfillment of the closing prerequisites, including the approval of the Competition Authority in the contract, and if the approval of the Competition Authority is obtained and other legal procedures, the sale of the SEK business operating in the milk and milk products business line will be completed with the transfer of all relevant assets from this date production and sales activities will be terminated. The company announced to the public on September 24, 2020 that following the cessation of its activities in the pasta and bakery products business line in 2019, the works for the sale of the real estate belonging to the pasta business in Bornova district of Izmir province were initiated in case of suitable conditions. As of 9 November 2020, sale of real estate was made for TL 85.500.000, excluding VAT, and the title deed transfer registration procedures were completed.

As of 31 December, the details of the Company's assets held for sale are as follows:

	31 December 2020	31 December 2019
Tangible fixed asset used in production activities	100.835.121	2.331.450
Intangible assets, stocks and other assets classified as non-current assets held for sale	59.476.517	--
	<b>160.311.638</b>	<b>2.331.450</b>
Liabilities held for sale (long-term employee benefits and other liabilities)	(13.497.915)	--
	<b>146.813.723</b>	<b>2.331.450</b>

**TAT GIDA SANAYİ A.Ş.****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

**Note 15 – Assets Classified As Held For Sale (Continued)**

Details of period profit / (loss) from discontinued operations as of 31 December are as follows:

	1 January-31 December 2020		Total
	Milk and milk products	Pasta and bakery products	
Sales revenues	693.660.368	--	693.660.368
Cost of sales	(627.249.698)	--	(627.249.698)
<b>Gross operating profit</b>	<b>66.410.670</b>	<b>--</b>	<b>66.410.670</b>
Marketing expenses (-)	(43.697.380)	(5.405)	(43.702.785)
General and administrative expenses (-)	(6.709.397)	(1.007.797)	(7.717.194)
Research and development expenses (-)	(476.112)	--	(476.112)
<b>Operating profit</b>	<b>15.527.781</b>	<b>(1.013.202)</b>	<b>14.514.579</b>
Other income from operating activities	19.184.201	42.363	19.226.564
Other expenses from operating activities (-)	(9.560.580)	(5.795.634)	(15.356.214)
<b>Real operating profit</b>	<b>25.151.402</b>	<b>(6.766.473)</b>	<b>18.384.929</b>
Other income from investment activities (*)	167.899	87.326.727	87.494.626
Other expenses from investment activities (-)	(17.098)	(961.237)	(978.335)
Financing expenses. net	(604.149)	--	(604.149)
<b>Discontinued operating profit before tax (*)</b>	<b>24.698.054</b>	<b>79.599.017</b>	<b>104.297.071</b>
Tax expense (*)	(489.536)	(7.846.357)	(8.335.893)
<b>Profit / (loss) for the period from discontinued operations</b>	<b>24.208.518</b>	<b>71.752.660</b>	<b>95.961.178</b>

	1 January-31 December 2019		Total
	Milk and milk products	Pasta and bakery products	
Sales revenues	588.894.140	58.532.756	647.426.896
Cost of sales	(515.238.319)	(52.481.980)	(567.720.299)
<b>Gross operating profit</b>	<b>73.655.821</b>	<b>6.050.776</b>	<b>79.706.597</b>
Marketing expenses (-)	(55.112.721)	(3.568.455)	(58.681.176)
General and administrative expenses (-)	(6.484.766)	(6.036.840)	(12.521.606)
Research and development expenses (-)	(630.762)	--	(630.762)
<b>Operating profit</b>	<b>11.427.572</b>	<b>(3.554.519)</b>	<b>7.873.053</b>
Other income from operating activities	21.281.162	1.624.450	22.905.612
Other expenses from operating activities (-)	(9.283.005)	(2.163.897)	(11.446.902)
<b>Real operating profit</b>	<b>23.425.729</b>	<b>(4.093.966)</b>	<b>19.331.763</b>
Other income from investment activities (*)	1.109.152	10.151.404	11.260.556
Other expenses from investment activities (-)	(111.037)	(1.283.448)	(1.394.485)
Financing expenses. net	(143.669)	(5.497)	(149.166)
<b>Discontinued operating profit before tax (*)</b>	<b>24.280.175</b>	<b>4.768.493</b>	<b>29.048.668</b>
Tax expense (*)	(389.134)	(656.041)	(1.045.175)
<b>Profit / (loss) for the period from discontinued operations</b>	<b>23.891.041</b>	<b>4.112.452</b>	<b>28.003.493</b>

(\*) General expenses and corporate tax expense that cannot be directly associated with a line of business are presented under continuing operations. Sales profit amounting to TL 86,345,490 and related tax expense arising from the sale of fixed assets belonging to the pasta and bakery products business line in 2020 were presented under discontinued operations.

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**Note 16 – Derivative Instruments**

Receivables from derivative instruments for the periods of 31 December 2020 and 31 December 2019 are as follows:

	31 December 2020	31 December 2019
Short term derivative instruments	416.507	--
<b>Total derivative instruments receivables (*)</b>	<b>416.507</b>	<b>--</b>

(\*) Short-term derivative receivables consist of foreign currency forward transactions.

As of December 31, derivative financial instrument liabilities arising from interest rate swap transactions are as follows:

	31 December 2020	31 December 2019
Short-term liabilities	928.877	115.844
Long-term liabilities	--	7.758.072
<b>Total derivatives liabilities (**)</b>	<b>928.877</b>	<b>7.873.916</b>

(\*\*) Based on the decision of the Board of Directors dated 26 April 2019 and numbered 2019/18, on 25 June 2019, the company issued bonds with a coupon interest payment of TL 70,000,000 every three months. December 31, 2020 date to avoid interest rate in order to perform with Turkey Economy Bank of the risks that may occur as the interest rate swap transaction amount is TL 928.877 (December 31, 2019: TL 7,873,916).

**Note 17 – Commitments and Contingencies**

The details of the guarantees, pledges, mortgages and bails ("TPMB" given by the Company on behalf of the related parties, main shareholder or third parties in the scope of commercial activities or for other purposes are as follows:

	31 December 2020	31 December 2019
A. Total amount of TPMB given on behalf of own legal entity	41.154.578	40.593.866
B. Total amount of TPMBs given in favor of joint ventures	--	--
C. Total amount of TPMB's given to third parties for the purpose of carrying out ordinary commercial activities	--	--
D. Total amount of other TPMBs given	--	--
i) Total amount of TPMB given on behalf of main partner	--	--
ii) Total amount of TPMBs given in favor of other group companies not in the scope of clauses B and C.	--	--
iii) Total amount of TPMB's given in favor of third parties not covered by clause C.	--	--
	<b>41.154.578</b>	<b>40.593.866</b>

**TAT GIDA SANAYİ A.Ş.****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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**Note 17 – Commitments and Contingencies (Continued)**

The Company has miscellaneous guarantee letters given to tax authorities (related to VAT return receivables), T. İhracat Kredi Bankası A.Ş. and customs which are amounting to TL 41.154.578 (31 December 2019: TL 40.593.866).

The ratio of other TPMB given to the shareholders' equity is 0% as of 31 December 2020 (31 December 2019: 0%)

All guarantees are given by the company are in local currency and there is no any pledges and mortgages given.

**Note 18 – Employee Benefits****Short term employee benefits**

	31 December 2020	31 December 2019
<b>Employee benefit payables</b>		
Due to personnel	5.099.004	5.242.437
Social security withholdings payable	2.329.256	1.951.117
	<b>7.428.260</b>	<b>7.193.554</b>

**Short-term provisions for employment benefits:**

	31 December 2020	31 December 2019
Provision for unused vacation		2.200.000
	<b>2.900.000</b>	<b>2.200.000</b>

**Long-term employee benefits****Severance pay liability:**

Under the Turkish Labor Law, the Company is required to pay employment termination benefits to each employee who has qualified for such payment. Also, employees are required to be paid their retirement pay provisions who retired by gaining right to receive retirement pay provisions in accordance with the provisions set out in law no: 2422 issued at 6 March 1981, law no: 4447 issued at 25 August 1999 and the amended Article 60 of the existing Social Insurance Law No: 506. Some transitional provisions related to the pre-retirement service term were excluded from the law since the related law was amended as of 23 May 2002.

The amount payable consists of one month's salary limited to a maximum of TL 7.177,17 for each period of service at 31 December 2020 (31 December 2019: TL 6.379,86).

## TAT GIDA SANAYİ A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

## Note 18 – Employee Benefits (Continued)

### Long-term employee benefits (Continued)

#### Severance pay liability (Continued)

Employment termination benefit liabilities are not subject to any funding and there are no legal requirements for funding of these liabilities. 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. TAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans.

Accordingly, the following actuarial assumptions are 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 the 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 2019, the provision is calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates are calculated assuming an annual inflation rate of %8 and interest rate of %13 and a discount rate of %4,63 resulting in a real discount rate of approximately (31 December 2019: %4,69).

Employment termination benefit liabilities are not subject to any funding and there are no legal requirements for funding of these liabilities. 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.

As the maximum liability is revised semiannually, the maximum amount of 7.117,17 TL effective from 31 December 2020 is taken into consideration in the calculation of provision from employment termination benefits.

The movement of employment termination provision as of 31 December is presented below:

	1 January – 31 December 2020	1 January – 31 December 2019
Opening balance	16.819.694	15.136.774
Service cost	3.334.314	7.416.684
Interest cost	2.449.003	2.265.603
Paid in the period	(3.296.961)	(9.405.145)
Actuarial gains / (losses)	(74.435)	1.405.778
Business sales decision effect	(7.495.075)	--
	<b>11.736.540</b>	<b>16.819.694</b>

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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## Note 19 – Other Assets and Liabilities

As at 31 December, other current / non-current assets and short / long-term liabilities are as follows:

	2020	2019
<b>Other current assets:</b>		
VAT transferred	57.340.425	26.441.934
Income Accruals	9.710.307	8.946.907
VAT receivables arising from exports	3.693.130	1.409.478
Others	639.982	51.759
	<b>71.383.844</b>	<b>36.850.078</b>
	2020	2019
<b>Other non-current assets:</b>		
Deductible VAT	--	25.210.872
Fixed asset advance paid	18.580.385	--
	<b>18.580.385</b>	<b>25.210.872</b>

## Note 20 – Shareholders' Equity

### a) Share Capital

The Company's share capital of year 2020 consists of 13.600.000.000 number of shares and there is no preferred stock (2019: 13.600.000.000 number of shares).

As at 31 December, the shareholders and paid-in capital with the historical values are as follows:

	%	2020	%	2019
Koç Holding A.Ş.	43,7	59.364.947	43,7	59.364.947
Shares publicly open in stock exchange	41,4	56.312.844	41,4	56.312.844
Kagome Co. Ltd.	3,7	5.071.168	3,7	5.071.168
Temel Ticaret ve Yatırım A.Ş.	3,3	4.427.889	3,3	4.427.889
Sumitomo Corporation	1,5	2.077.983	1,5	2.077.983
Others	6,4	8.745.169	6,4	8.745.169
<b>Total Share Capital</b>	<b>100</b>	<b>136.000.000</b>	<b>100</b>	<b>136.000.000</b>
Capital Correction Differences		21.601.088		21.601.088
<b>Adjusted Capital</b>		<b>157.601.088</b>		<b>157.601.088</b>

## TAT GIDA SANAYİ A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

## Note 20 – Shareholders’ Equity (Continued)

There are no privileges, rights or limitations between the shares representing the capital of the Company.

The Company has adopted the registered capital system in accordance with the provisions of the Capital Market Law (“CMB”) No: 6362 and passed to this system with the permission of the Capital Markets Board (“CMB”) dated 20 August 1992 and numbered 454. The registered capital ceiling of the Company is TL 250.000.000 and each Kuruş consists of 25.000.000.000 shares with a nominal value.

As of 31 December 2020, capital adjustment differences amounting to TL 21.601.088 consist of capital adjustment differences resulting from the restatement of the Company’s paid-in capital amount and that are not offset to the previous years’ losses or added to the share capital (31 December 2019: TL 21.601.088).

#### b) Share premium

These premiums related to the shares that have been canceled by not participating in the capital increase are positive differences on the shares sold above the nominal value. As at 31 December 2020, the share of the Company’s share in the financial statements is TL 10.107.809 (31 December 2019: TL 10.107.809).

#### c) Restricted reserves

Reserves reserved for specific purposes other than profit from previous periods, due to law or contractual obligations or other profit distribution.

These reserves are presented in the Company’s statutory records and the differences in preparing the financial statements in accordance with TFRS are associated with prior years’ profits.

As of 31 December 2019 and 2018, the Company’s details of restricted reserves are as follows:

	31 December 2020	31 December 2019
Legal reserves	29.533.338	25.705.319
Special reserves	--	69.915.703
<b>Total</b>	<b>29.533.338</b>	<b>95.621.022</b>

(\*) Since the 5-year limitation period due to the real estate sales earnings has expired, 69.915.703 TL in private funds has been transferred to previous year profits.

#### Legal Reserves

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code, are not distributable to shareholders. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions.

Such reserves can be used to take measures suitable for continuing the business or preventing unemployment and mitigating the results only when the losses are not going well, unless the Company’s capital exceeds half of the paid capital.

## TAT GIDA SANAYİ A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

## Note 20 – Shareholders’ Equity (Continued)

#### Special Reserves

According to the article 5/1-e of Corporate Tax Law No: 5520, 75% of the earnings from the sale of the properties and participation shares that corporations have kept among their assets for at least two full years, and from the sales of founders’ shares, preference shares and preferred rights they have kept for same duration are exempted from corporate tax. This exception shall apply in the term the sale is made, and the part of the proceeds of the sale that benefited from the exception shall be kept in a special fund account of liabilities, until the end of the fifth year following the sale. However, the sale price must be collected until the end of the second calendar year following the year the sale is made.

#### d) Other comprehensive income or expenses not recognized in profit or loss

##### Defined benefit plans re-measurement gains / (losses):

As of 31 December 2020, actuarial loss amounting to TL 749.631 is recognized as other comprehensive income (31 December 2019: actuarial gain amounting to TL 691.572).

#### e) Accumulated other comprehensive income or expenses to be reclassified to profit or loss

##### Financial asset revaluation and classification gains:

As of 31 December 2020, it consists of revaluation and reclassification gains on financial assets amounting to TL 2.705.092 (31 December 2018: TL 934.316).

##### Losses related to cash flow hedging:

As of 31 December 2020, it consist pf losses related to hedging from cash flow risk amounting to TL 724.524 (31 December 2018: TL 6.051.296).

#### f) Dividend distribution

At the general assembly meeting of the Company held on 19 March 2020, the dividend base reached as a result of deducting the 1st Order general legal reserves amounting to TL 1.494.745,26 from the net profit for the period of 66.155.440,00 TL and adding donations amounting to 806.860,33 TL 65.467 A total of 30,133,000 TL cash dividend, of which 27,200,000 TL as the first and second dividend total of 555,07 TL to the shareholders, 2,933,000 TL to the founder redeemed shareholders, the general legal dividend of 2,333,337.78 TL and 32.193.979,21 TL as extraordinary reserves. (31 December 2019: No dividends were distributed in 2019).



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**Note 21 – Sales and Cost of Sales**

As at 31 December, details of revenue and sales cost are as follows:

	2020	2019
Domestic sales	600.122.017	476.059.900
Foreign sales	217.258.989	94.011.209
Sales returns and discounts	(14.436.906)	(16.849.303)
	<b>802.944.100</b>	<b>553.221.806</b>
Raw material costs	(508.976.237)	(408.689.254)
General production expenses	(57.337.638)	(56.725.141)
Labor costs	(41.790.952)	(30.248.158)
Depreciation costs	(7.161.902)	(6.265.240)
Change in inventory	66.004.371	120.366.189
<b>Cost of sales</b>	<b>(549.262.358)</b>	<b>(381.561.604)</b>
<b>Gross profit</b>	<b>253.681.742</b>	<b>171.660.202</b>

**Note 22 – Expenses by Nature**

As at 31 December, details of research and development expenses are as follows:

	2020	2019
<b>Research and development expenses:</b>		
Personnel expenses	(931.620)	(739.268)
Depreciation expenses	(150.533)	(44.350)
Other	(84.036)	(263.766)
	<b>(1.166.189)</b>	<b>(1.047.384)</b>

As at 31 December, details of marketing, selling and distribution expenses are as follows:

	2020	2019
<b>Marketing, Sales and Distribution Expenses:</b>		
Shipping and insurance expenses	(12.730.117)	(10.176.246)
Advertising expenses	(14.042.187)	(10.117.992)
Personnel expenses	(11.331.778)	(10.286.927)
Sales support expenses	(5.884.456)	(3.937.254)
Subcontracting expenses	(3.324.143)	(2.106.321)
Export expenses	(4.328.805)	(2.281.799)
Action, sale, incentive and gondola participation costs	(5.706.606)	(989.306)
Other	(1.960.137)	(1.486.560)
	<b>(59.308.229)</b>	<b>(41.382.405)</b>

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(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

**Note 22 – Expenses by Nature (Continued)**

As at 31 December, the details of general and administrative expenses are as follows:

	2020	2019
<b>General and administrative expenses:</b>		
Personnel expenses	(33.574.857)	(23.440.774)
Consultancy and lawsuit expenses	(11.779.098)	(9.294.858)
Information technology expenses	(7.138.010)	(5.567.424)
Depreciation and amortization	(6.495.405)	(4.919.388)
Administrative expenses	(3.676.701)	(2.404.227)
Severance expense	(3.479.777)	(3.840.994)
Repair and maintenance expenses	(1.441.781)	(1.166.977)
Transport, travel expenses	(618.954)	(1.417.097)
Tax and duties expenses	(519.365)	(903.737)
Other	(4.672.884)	(3.446.502)
	<b>(73.396.832)</b>	<b>(56.401.978)</b>

**Note 23 – Other Income and Expenses from Operating Activities**

As at 31 December, details of other income and profits are as follows:

	2020	2019
<b>Other Operating Income</b>		
Term differences interest income from trading activities	19.013.938	21.887.153
Foreign exchange gain on trading activities	9.033.509	3.140.440
Others	3.664.741	2.969.059
	<b>31.712.188</b>	<b>27.996.652</b>

As at 31 December, details of other expenses are as follows:

	2020	2019
<b>Other Operating Expense</b>		
Term differences interest expense of trading activities	(7.422.791)	(7.810.401)
Expenses due from provisions of lawsuit and others	(3.394.211)	(3.167.626)
Foreign exchange loss on trading activities	(14.018.234)	(2.925.818)
Others	(4.837.264)	(3.806.596)
	<b>(29.672.500)</b>	<b>(17.710.441)</b>

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### Note 24 – Income and Expenses from Investing Activities

As at 31 December, investment income and profits from operations is as follows:

	2020	2019
<b>Income from Investing Activities</b>		
Gain on sale of property, plant and equipment	932.214	5.870
Rent income	462.030	450.033
	<b>1.394.244</b>	<b>455.903</b>

As at 31 December, investment loss and expense from operations is as follows:

	2020	2019
<b>Expenses from investing activities</b>		
Loss on sale of property, plant and equipment	(62.573)	(71.728)
	<b>(62.573)</b>	<b>(71.728)</b>

### Note 25 – Financial Income and Expenses

As at 31 December, financial incomes are as follows:

	2020	2019
Foreign exchange gains	26.451.090	31.572.814
Interest income on bank deposits	7.078.503	8.302.906
Other	--	875.447
	<b>33.529.593</b>	<b>40.751.167</b>

The financial expenses for the years ended 31 December are as follows:

	2020	2019
Foreign exchange expenses	(22.084.807)	(22.704.666)
Bank loans interest expenses	(19.946.499)	(37.612.380)
Bond interest expense	(7.779.799)	(7.409.166)
Derivatives interest expense	(6.469.098)	(824.310)
Leasing liabilities interest expenses	(1.706.226)	(2.659.358)
Early loan closing commission expense	--	(106.311)
Other	(2.018.319)	(5.261.856)
	<b>(60.004.748)</b>	<b>(76.578.047)</b>

## TAT GIDA SANAYİ A.Ş. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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### Note 26 – Tax Assests and Liabilities

	1 January - 31 December 2020	1 January - 31 December 2019
Current tax expense	(33.774.712)	(8.589.082)
Discontinued operations tax expense	7.846.357	533.337
Deferred tax expense	45.286	(1.976.089)
Discontinued operations deferred tax expense	489.536	511.840
<b>Total tax expense</b>	<b>(25.393.533)</b>	<b>(9.519.994)</b>
	31 December 2020	31 December 2019
Current tax (asset) / liability		
Prepaid taxes and funds (-)	(19.965.531)	(4.315.661)
Current corporate tax provision	33.774.711	8.589.082
	<b>13.809.180</b>	<b>4.273.421</b>

#### Corporate Tax

The Company is subject to corporate tax applicable in Turkey.

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

The effective tax rate in 2020 is 22% (2019: 22%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate is 22% in 2020 (2019: 22%). Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. However, losses occurred cannot be deducted from the profit occurred in the prior years retroactively.

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

**TAT GIDA SANAYİ A.Ş.****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

**Note 26 – Tax Assests and Liabilities (Continued)***Income withholding tax*

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are Turkish residents and Turkish branches of foreign companies. Income withholding tax applied in between 24 April 2003 – 22 July 2006 is 10% and commencing from 22 July 2006, this rate has been changed to 15% upon the Council of Ministers' Resolution No: 2006/10731. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

Withholding tax at the rate of 19,8% is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, the investments without investment incentive certificates do not qualify for tax allowance.

Bursa Mustafakemalpaşa Sek Süt Investment Incentive Certificate dated 05.06.2015 and numbered 119435 was received for the modernization investment of our enterprise. 50% Tax Reduction, VAT and Customs Duty Exemption and Insurance Premium Employer Share support is applied for the investments made within the scope of the document.

Investment Incentive Certificate dated 03.05.2018 and numbered 136922 has been obtained for the modernization investment of İzmir Torbalı Canned Plant. 50% Tax Reduction, VAT and Customs Duty Exemption and Insurance Premium Employer Share support is applied for the investments made within the scope of the document.

Investment Incentive Certificate dated 24.04.2018 and numbered 136771 has been obtained for the modernization investment of our Bursa Karacabey Canned Plant. VAT and Customs Duty Exemption are applied for investments made under the document.

Aydın Söke Sek Süt Investment Incentive Certificate dated 25.06.2015 and numbered 118929 was received for the modernization investment of our company. In the investments made within the scope of the document, 55% Tax Reduction, VAT and Customs Duty Exemption and Insurance Premium Employer Share support is applied.

Investment Incentive Certificate No. 129499 dated 28.04.2017 has been obtained for the modernization investment of Bursa Mustafakemalpaşa Canned Plant. 50% Tax Reduction, VAT and Customs Duty Exemption and Insurance Premium Employer's Share support is applied for the investments made under the document.

*Deferred Tax:*

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TFRS and tax purposes and they are given below.

**TAT GIDA SANAYİ A.Ş.****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

**Note 26 – Tax Assests and Liabilities (Continued)***Deferred Tax: (Continued)*

The corporate tax rate for the years 2018, 2019 and 2020 has been increased from 20% to 22% within the scope of the Law Amending Some Tax Laws and Other Certain Laws numbered 7061, which came into force after being published in the Official Gazette on 5 December 2017. In accordance with the said law, deferred tax assets and liabilities are calculated with a tax rate of 22% for temporary differences in tax incurred in 2018, 2019 and 2020, and a temporary tax rate of 2021% and 20% in the next period.

The breakdown of total temporary differences and deferred tax assets and liabilities using current tax rates as of 31 December is as follows:

	2020	2019
<b>Deferred tax assets / (liabilities):</b>		
Severance pay liability	2.347.308	3.363.939
Difference between tax base and carry value of property, plant and equipment	(1.643.029)	(6.406.229)
Difference between tax base and carrying value of inventories	940.381	1.172.447
Doubtful receivables provisions	1.432	52.598
Provision for unused vacation	580.000	484.000
Sales expense provisions	596.616	269.240
Other administrative expenses	(262.908)	--
Provision for litigation expenses	928.200	--
Maturity difference	575.878	--
Right of use assets and liabilities, net	807.978	392.055
Derivative instruments	102.474	1.706.776
	<b>4.974.330</b>	<b>1.034.826</b>

There is no carry forward tax losses has been recognized as of 31 December 2020 (31 December 2019: None).

Movement of the deferred tax for the years ended 31 December 2020 and 31 December 2019 is as follows:

	2020	2019
<b>Deferred tax assets movements:</b>		
Opening balance as of January 1	1.034.826	994.868
Recognized directly in equity	(1.586.972)	1.893.342
Deferred tax income	534.822	(1.976.089)
Discontinued operations deferred tax expense	(489.536)	122.705
Classified to liabilities held for sale	5.481.190	--
	<b>4.974.330</b>	<b>1.034.826</b>

**TAT GIDA SANAYİ A.Ş.****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

**Note 26 – Tax Assests and Liabilities (Continued)**

Total charge for the year can be reconciled to the accounting profit as follows:

	%	31 December 2020	%	31 December 2019
<b>The reconciliation of tax:</b>				
Period profit from continuing operations		96.706.696		47.671.941
Period profit / (loss) from discontinued operations		104.297.070		29.048.670
Income tax rate 22 %	22	(44.220.829)	22	(16.878.534)
Tax effect of:				
- Nondeductible expenses	1	6.268.756	1	(332.161)
- Tax effect of government incentives and grants	(10)	4.145.171	(14)	6.163.949
- Other	1<	77.477	1<	481.574
<b>Tax provision expense on income statement</b>		<b>(33.729.424)</b>		<b>(10.565.172)</b>
Continuing activities tax expense		(25.393.533)	1<	(9.519.994)
Discontinued operations tax expense		(8.335.891)		(1.045.178)

**Note 27 – Earnings Per Share**

As at 31 December, earnings/ (loss) calculation of per common and diluted share of main companies stakeholders is as follow:

	2020	2019
Net profit of the period for continuing operations	71.313.163	38.151.947
Net profit or loss of the period for discontinued operations	95.961.178	28.003.493
Averager number of shares available during the period	136.000.000	136.000.000
<b>Earning per common and diluted share due from continuing op-erations</b>	0,52	0,28
<b>Earnig/ (loss) per common and diluted share due from discontin-ued operations</b>	0,71	0,21
<b>Earning per common and diluted share</b>	1,23	0,49

**TAT GIDA SANAYİ A.Ş.****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

**Note 28 – Related Party Transactions****i) As at 31 December, the details of receivables and payables from related parties are as follows:**

a) Bank deposits:

	2020	2019
<b>Yapı ve Kredi Bankası A.Ş.</b>		
Time Deposits	4.845.604	3.106.042
Current Deposits	14.861	22.823
	<b>4.860.465</b>	<b>3.128.865</b>

b) Receivables from related parties:

	2020	2019
Düzey (*)	414.039.680	369.803.995
Ram (**)	15.094.702	6.499.236
	<b>429.134.382</b>	<b>376.303.231</b>

(\*) Domestic sales and marketing activities of the Company are operated by Düzey which is a member of Koç Group.

(\*\*) The Company carries out some of its export activities abroad through Ram Dış Ticaret, a Koç Group company.

c) Payables to related parties:

	31 December 2020	31 December 2019
<b>Trade Payables</b>		
Zer Merkezi Hizmetler ve Ticaret A.Ş.(*)	18.953.194	17.540.424
Yapı Kredi Bankası A.Ş.(**)	15.613.101	8.004.495
Koç Sistem A.Ş.	2.120.882	2.885.934
Ingage Dijital Pazarlama A.Ş.	1.473.462	2.551.738
Otokoç Otomotiv Tic.ve San.A.Ş.	775.401	927.740
Eltek Elektrik Enerjisi İthalat İhracat	408.979	613.381
Koç Holding Emekli ve Yardım Sandığı	289.729	259.972
Setur Servis Turistik A.Ş	270.236	271.541
Temel Ticaret Yatırım A.Ş	225.635	220.428
Ram Sigorta Aracılık Hizmetleri A.Ş.	9.555	1.997.949
Düzey	--	361.743
Others	1.623.801	466.608
	<b>41.763.975</b>	<b>36.101.953</b>
<b>Other Payables</b>		
Koç Holding A.Ş.	9.854.993	6.434.748
<b>Total Trade and Payables</b>	<b>51.618.968</b>	<b>42.536.701</b>

(\*) The Company, obtains, media and packaging services from Zer Merkezi Hizmetler ve Ticaret A.Ş

(\*\*) It is the balance formed by the assignment of the receivables with Yapı Kredi Bank.

## TAT GIDA SANAYİ A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

## Note 28 – Related Party Transactions (Continued)

ii) As at 31 December, the details of significant sales to related parties and purchases from related parties are as follows:

a) Net sales to related parties:

	2020	2019
Düzey (*)	1.173.618.402	977.569.693
Ram Dış Ticaret A.Ş.	77.889.825	68.898.637
	<b>1.251.508.227</b>	<b>1.046.468.330</b>

(\*) Domestic sales and marketing activities of the Company are operated by Düzey, which is a member of Koç Group. Average maturity for the sales to Düzey is 90 days.

b) Purchases from related parties:

	2020	2019
Zer Merkezi Hizmetler ve Ticaret A.Ş. (*)	30.272.650	29.803.810
Opet Petrolcülük A.Ş.	854.666	1.072.238
Koç Sistem A.Ş.	95.525	449.808
Opet Fuchs Madeni Yağ San. ve Tic.	12.643	42.200
Aygaz A.Ş.	--	54.193
	<b>31.235.484</b>	<b>31.422.249</b>

(\*) Company purchases packaging materials (parcel, stretch etc.), consumables such as caustic and nitric acid and all spare parts.

## TAT GIDA SANAYİ A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

## Note 28 – Related Party Transactions (Continued)

ii) As at 31 December, the details of significant sales to related parties and purchases from related parties are as follows: (Continued)

c) Service purchases from related parties:

	31 December 2020	31 December 2019
Zer Merkezi Hizmetler ve Ticaret A.Ş. (***)	60.958.390	59.138.033
Düzey	12.493.375	10.237.269
Koç Holding A.Ş. (**)	11.422.951	8.994.510
Eltek Elektrik Enerjisi İthalat İhracat	8.014.555	6.389.989
Koç Sistem A.Ş.	4.646.221	5.327.599
Ingage Dijital Pazarlama A.Ş.	3.657.380	5.950.246
Otokoç Otomotiv Tic. ve San. A.Ş.	2.534.415	2.383.747
Ram Dış Ticaret A.Ş.	2.451.778	1.608.400
Temel Ticaret ve Yatırım A.Ş.	2.109.052	1.822.557
Ram Sigorta Aracılık Hizmetleri A.Ş. (*)	799.472	2.736.693
Setur Servis Turistik A.Ş.	522.041	1.185.740
Others	505.148	895.184
	<b>110.114.778</b>	<b>106.670.597</b>

(\*) Amount represents accrued premium amount as at 31 December, which has been resulted from insurance policies signed with third party insurance companies with the intermediary of Ram Sigorta Aracılık Hizmetleri A.Ş.

(\*\*) The amount contains finance, legal consultancy, planning, tax consultancy, senior management service costs invoiced by the Company's parent company "Koç Holding A.Ş." regarding their related services according to the distribution described in Regulation No:11 "Intra Group Services" of "General Communiqué No:1 related to Disguised Profit Distribution via Transfer Pricing".

(\*\*\*) The Company, obtains logistic, media and packaging services from Zer Merkezi Hizmetler ve Ticaret A.Ş.

iii) As at 31 December, the details of financial income and expenses from/to related parties are as follows:

a) Interest income:

	31 December 2020	31 December 2019
Yapı ve Kredi Bankası A.Ş.	649.161	589.682
	<b>649.161</b>	<b>589.682</b>

iv) As at 31 December, the details of significant sales to related parties and purchases from related parties are as follows

Senior executives of Tat Gıda are determined as the Chairman and Members of the Board of Directors, General Manager, Assistant General Managers and Directors directly affiliated with the General Manager. In 2020, the total of benefits provided to Tat Gıda's senior executives is 25.888.624 TL (31 December 2019: 10.956.551 TL). 14.057.600 TL of this amount (31 December 2019: None.) Is related to the payments made due to separation and the remaining part consists of short-term benefits. After the costs reflected on the companies served by Tat Gıda, the cost incurred by Tat Gıda was 17,691,957 TL (31 December 2019: 8,343,782 TL). TL 8.180.420 of this amount (December 31, 2019: None.) is related to the payments made due to leaving.

**TAT GIDA SANAYİ A.Ş.****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

**Note 29 – Nature and the Level of Risk Resulted from Financial Instruments****a) Capital Risk Management**

The Company manages its capital to ensure that entities in the Company will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Company consists of debt, which includes the borrowings disclosed in Note 4, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or rearrange capital structure, the Company can return back capital to shareholders, issue new shares and sale assets in order to decrease debt requirement.

The Company controls its capital using the net debt/total capital ratio. This ratio is calculated as net debt divided by the total capital amount. Net debt is calculated as total liability amount (comprises of financial liabilities, leasing, trade payables and payables to related parties as presented in the balance sheet) less cash and cash equivalents. Total capital is calculated as shareholders' equity plus the net debt amount as presented in the balance sheet.

As at 31 December the debt to equity ratio is as follows:

	2020	2019
Total Liabilities (Note 6)	303.045.501	227.598.456
Less: Cash and cash equivalents (Note 4)	(120.612.224)	(10.476.743)
Net Debt	182.433.277	217.121.713
Total Equity	704.747.165	560.584.913
Net Liability/Equity	0,2589	0,3873

**b) Financial Risk Factors**

The risks of the Company, resulted from operations, include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's risk management program generally seeks to minimize the effects of uncertainty in financial market on financial performance of the Company. The Company uses derivative financial instruments in order to safeguard itself from different financial risks.

Risk management is implemented by finance department according to the policies approved by Board of Directors. The Company's finance department provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyses exposures by degree and magnitude of risks. The written procedures are formed by Board of Directors to manage the foreign currency risk, interest risk, credit risk, use of derivative and non-derivative financial instruments and the assessment of excess liquidity. There are not any changes in financial risk factors and credit risk management of the Company as compared to previous year.

**TAT GIDA SANAYİ A.Ş.****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

**Note 29 – Nature and the Level of Risk Resulted from Financial Instruments (Continued)****b) Financial Risk Factors (Continued)****b.1) Credit risk management**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company manages this risk by the credit limits up to the guarantees received from customers. The usage of credit limits are monitored by the Company according to the customer's credibility is evaluated continuously. Trade receivables consist of many customers that operate in various industries and locations. Credit risk of the receivables from counterparties are evaluated perpetually.

31 December 2020	Receivables				Deposits in Banks	Derivatives
	Trade Receivables		Trade Receivables			
	Related Party	Third Party	Related Party	Third Party		
Maximum credit risk exposure as of the reporting date (A+B+C+D+E)	429.134.382	16.439.959	--	1.071.452	120.612.224	416.506
- the portion of the maximum risk guaranteed by collateral.	--	2.624.931	--	--	--	--
A. Net book value of financial assets not overdue or impaired	311.576.931	7.838.464	--	1.071.452	120.612.224	416.506
B. Conditions found in re-interviewed. otherwise, the carrying amount of financial assets overdue or impaired.	--	--	--	--	--	--
C. Carrying value of financial assets that are past due but not impaired	117.557.451	5.976.564	--	--	--	--
- Collateral. vs secured part	--	--	--	--	--	--
D. Net book value of impaired assets	--	--	--	--	--	--
- Overdue (gross book value)	--	2.861.871	--	--	--	--
- Impairment (-)	--	(2.861.871)	--	--	--	--
- Not overdue (gross book value)	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--
E. Off-balances sheet items with credit risk	--	--	--	--	--	--

**TAT GIDA SANAYİ A.Ş.****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

## Note 29 – Nature and the Level of Risk Resulted from Financial Instruments (Continued)

**b) Financial Risk Factors (Continued)**

## b.1) Credit risk management (Continued)

	Receivables				Deposits in Banks	Derivatives
	Trade Receivables		Trade Receivables			
	Related Party	Third Party	Related Party	Third Party		
<b>31 December 2019</b>						
Maximum credit risk exposure as of the reporting date (A+B+C+D+E)	<b>376.303.231</b>	<b>7.577.101</b>	--	<b>1.336.347</b>	<b>10.476.743</b>	--
- the portion of the maximum risk guaranteed by collateral.	--	4.251.155	--	--	--	--
A. Net book value of financial assets not overdue or impaired	273.372.731	1.252.407	--	1.336.347	10.476.743	--
B. Conditions found in re-interviewed. otherwise, the carrying amount of financial assets overdue or impaired.	--	--	--	--	--	--
C. Carrying value of financial assets that are past due but not impaired	102.930.500	2.073.539	--	--	--	--
- Collateral. vs secured part	--	--	--	--	--	--
D. Net book value of impaired assets	--	--	--	--	--	--
- Overdue (gross book value)	--	2.861.871	--	--	--	--
- Impairment (-)	--	(2.861.871)	--	--	--	--
- Not overdue (gross book value)	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--
E. Off-balances sheet items with credit risk	--	--	--	--	--	--

**TAT GIDA SANAYİ A.Ş.****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

## Note 29 – Nature and the Level of Risk Resulted from Financial Instruments (Continued)

**b) Financial Risk Factors (Continued)**

## b.1) Credit risk management (Continued)

<b>31 December 2020</b>	<b>Trade Receivables</b>	<b>Other Receivables</b>	<b>Deposits in banks</b>	<b>Others</b>
Past due 1-30 days	121.779.401	--	--	--
Past due 1-3 months	1.436.295	--	--	--
Past due 3-12 months	318.319	--	--	--
<b>Total past due receivables</b>	<b>123.534.015</b>	--	--	--

<b>31 December 2019</b>	<b>Trade Receivables</b>	<b>Other Receivables</b>	<b>Deposits in banks</b>	<b>Others</b>
Past due 1-30 days	104.053.434	--	--	--
Past due 1-3 months	727.791	--	--	--
Past due 3-12 months	222.814	--	--	--
<b>Total past due receivables</b>	<b>105.004.039</b>	--	--	--

As of 31 December, letter of guarantees held for the trade receivables that are past due as but not provision booked is as follows:

	<b>2020</b>	<b>2019</b>
	Nominal Value	Nominal Value
The part under guarantee with collateral	2.624.931	4.251.155

**b.2) Liquidity risk management**

Liquidity risk management responsibility mainly belongs to the board of directors. The board of directors has built an appropriate liquidity risk management framework for the management of the Company's short, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profile of financial assets and liabilities.

The following table presents the maturity of Company's non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

**TAT GIDA SANAYİ A.Ş.****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

**Note 29 – Nature and the Level of Risk Resulted from Financial Instruments (Continued)****b) Financial Risk Factors (Continued)****b.2) Liquidity risk Management (Continued)****31 December 2020**

Contractual Maturity Analysis	Carrying Value	Total Cash Outflows in accordance with contract (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years(IV)
<b>Non-derivative financial liabilities</b>						
Bank borrowings and issued bonds	248.231.532	308.774.183	55.388.842	114.899.725	138.485.616	--
Trade payables	171.665.072	171.665.072	171.665.072	--	--	--
Trade payables to related parties	41.763.975	41.763.975	41.763.975	--	--	--
<b>Derivative financial liabilities</b>						
Derivative instruments	928.877	928.877	928.877	--	--	--
	<b>462.589.456</b>	<b>523.132.107</b>	<b>269.746.766</b>	<b>114.899.725</b>	<b>138.485.616</b>	--

**31 December 2019**

Contractual Maturity Analysis	Carrying Value	Total Cash Outflows in accordance with contract (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years(IV)
<b>Non-derivative financial liabilities</b>						
Bank borrowings and issued bonds	204.400.884	237.609.392	54.516.728	--	10.699.923	--
Trade payables	144.666.898	144.666.898	144.666.898	--	--	--
Trade payables to related parties	36.101.953	36.101.953	36.101.953	--	--	--
<b>Derivative financial liabilities</b>						
Derivative instruments	7.873.916	7.989.760	1.597.952	4.793.856	1.597.952	--
<b>Total liabilities</b>	<b>393.043.651</b>	<b>426.368.003</b>	<b>236.883.531</b>	<b>4.793.856</b>	<b>184.690.616</b>	--

**b.3) Market risk management**

The Company's activities expose it to a variety of financial risks including foreign currency risk and interest rate risk as explained below. The Company uses derivative financial instruments to hedge certain risk exposures in order to manage foreign currency and interest rate risks. Market risk exposures are also measured by sensitivity analysis and stress scenarios.

There has been no change in the Company's exposure to market risks or the manner which it manages and measures the risk.

**TAT GIDA SANAYİ A.Ş.****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

**Note 29 – Nature and the Level of Risk Resulted from Financial Instruments (Continued)****b) Financial Risk Factors (Continued)****b.4) Foreign currency risk management**

Transactions in foreign currencies cause foreign currency risk. Currency risk is managed by foreign currency purchase/sale contracts based on the approved policies.

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

31 December 2020	TL Equivalent	USD	Euro	Others
1. Trade receivables	19.994.842	1.600.000	900.000	14.374
2.a Monetary financial assets	60.059.073	3.426.606	3.875.051	--
2.b Non-monetary financial assets	--	--	--	--
3. Other	--	--	--	--
<b>4. CURRENT ASSETS</b>	<b>80.053.915</b>	<b>5.026.606</b>	<b>4.775.051</b>	<b>14.374</b>
5. Trade receivables	--	--	--	--
6.a Monetary financial assets	--	--	--	--
6.b Non-monetary financial assets	--	--	--	--
7. Other	--	--	--	--
<b>8. NON-CURRENT ASSETS</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>9. TOTAL ASSETS</b>	<b>80.053.915</b>	<b>5.026.606</b>	<b>4.775.051</b>	<b>14.374</b>
10. Trade payables	(10.136.625)	(1.137.848)	(197.414)	(600)
11. Financial liabilities	--	--	--	--
12.a Other monetary financial liabilities	(21.789.097)	(2.500.000)	(381.648)	--
12.b Other non-monetary financial liabilities	(5.453.500)	(742.933)	--	--
<b>13. CURRENT LIABILITIES</b>	<b>(37.379.222)</b>	<b>(4.380.781)</b>	<b>(579.062)</b>	<b>(600)</b>
14. Trade payables	--	--	--	--
15. Financial liabilities	--	--	--	--
16.a Other monetary liabilities	(5.432.538)	--	(603.086)	--
16.b Other non-monetary liabilities	--	--	--	--
<b>17. NON-CURRENT LIABILITIES</b>	<b>(5.432.538)</b>	<b>--</b>	<b>(603.086)</b>	<b>--</b>
<b>18. TOTAL LIABILITIES</b>	<b>(42.811.760)</b>	<b>(4.380.781)</b>	<b>(1.182.148)</b>	<b>(600)</b>
19. Net asset /liability position of off-balance sheet derivatives (19a-19b)	--	--	--	--
19.a Off-balance sheet foreign currency derivative assets	--	--	--	--
19.b Off-balance sheet foreign currency derivative liabilities	--	--	--	--
20. Net foreign currency asset/liability position	37.242.155	645.825	3.592.903	13.774
<b>21. Net foreign currency asset / liability position of non-monetary items (1+2a+6a-10-12a-12b-14-15-16b)</b>	<b>37.242.155</b>	<b>645.825</b>	<b>3.592.903</b>	<b>13.774</b>
22. Fair value of foreign currency hedged financial assets	--	--	--	--
23. Hedged foreign currency assets	--	--	--	--
24. Hedged foreign currency liabilities	--	--	--	--



**TAT GIDA SANAYİ A.Ş.****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

## Note 29 – Nature and the Level of Risk Resulted from Financial Instruments (Continued)

**b) Financial Risk Factors (Continued)****b.4) Foreign currency risk management (Continued)**

31 December 2019	TL Equivalent	USD	Euro	Others
1. Trade receivables	6.867.429	1.149.542	5.852	--
2.a Monetary financial assets	4.902.178	594.593	206.023	--
2.b Non-monetary financial assets	--	--	--	--
3. Other	--	--	--	--
<b>4. CURRENT ASSETS</b>	<b>11.769.607</b>	<b>1.744.135</b>	<b>211.875</b>	<b>--</b>
5. Trade receivables	--	--	--	--
6.a Monetary financial assets	--	--	--	--
6.b Non-monetary financial assets	--	--	--	--
7. Other	--	--	--	--
<b>8. NON-CURRENT ASSETS</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>9. TOTAL ASSETS</b>	<b>11.769.607</b>	<b>1.744.135</b>	<b>211.875</b>	<b>--</b>
10. Trade payables	(4.511.766)	(617.578)	(125.264)	(1.305)
11. Financial liabilities	--	--	--	--
12.a Other monetary financial liabilities	(2.171.600)	--	(326.527)	--
12.b Other non-monetary financial liabilities	1.582.255	266.364	--	--
<b>13. CURRENT LIABILITIES</b>	<b>(5.101.111)</b>	<b>(351.214)</b>	<b>(451.791)</b>	<b>(1.305)</b>
14. Trade payables	--	--	--	--
15. Financial liabilities	--	--	--	--
16.a Other monetary liabilities	--	--	--	--
16.b Other non-monetary liabilities	(4.861.615)	--	(731.004)	--
<b>17. NON-CURRENT LIABILITIES</b>	<b>(4.861.615)</b>	<b>--</b>	<b>(731.004)</b>	<b>--</b>
<b>18. TOTAL LIABILITIES</b>	<b>(9.962.726)</b>	<b>(351.214)</b>	<b>(1.182.795)</b>	<b>(1.305)</b>
19. Net asset /liability position of off-balance sheet derivatives (19a-19b)	--	--	--	--
19.a Off-balance sheet foreign currency derivative assets	--	--	--	--
19.b Off-balance sheet foreign currency derivative liabilities	--	--	--	--
20. Net foreign currency asset/liability position	1.806.881	1.392.921	(970.920)	(1.305)
<b>21. Net foreign currency asset / liability position of non-monetary items (1+2a+6a-10-12a-12b-14-15-16b)</b>	<b>1.806.881</b>	<b>1.392.921</b>	<b>(970.920)</b>	<b>(1.305)</b>
22. Fair value of foreign currency hedged financial assets	--	--	--	--
23. Hedged foreign currency assets	--	--	--	--
24. Hedged foreign currency liabilities	--	--	--	--

**TAT GIDA SANAYİ A.Ş.****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

## Note 29 – Nature and the Level of Risk Resulted from Financial Instruments (Continued)

**b) Financial Risk Factors (Continued)****Currency risk sensitivity**

The Company is mainly exposed to foreign currency risk in USD and EURO.

The following table details the Company's sensitivity to a 10% increase and decrease in the USD, GBP and Euro. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis only includes outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Company where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number indicates an increase in profit / loss and other equity.

	31 December 2020	
	Appreciation of Foreign currency	Devaluation of Foreign currency
In the case of appreciation of US Dollar at 10% ratio compared to TL		
1 - US Dollar net asset / liability	474.068	(474.068)
2- Part of hedged from US Dollar risk (-)	--	--
<b>3- US Dollar net effect</b>	<b>474.068</b>	<b>(474.068)</b>
In the case of appreciation of EURO at 10% ratio compared to TL		
4 - Euro net asset / liability	3.236.451	(3.236.451)
5 – Part of hedged from EURO risk (-)	--	--
<b>6- Euro net effect</b>	<b>3.236.451</b>	<b>(3.236.451)</b>
In the case of appreciation of GBP at 10% ratio compared to TL		
7 – GBP net asset / liability	13.697	(13.697)
8 – Part of hedged from GBP risk (-)	--	--
<b>9 – GBP net effect</b>	<b>13.697</b>	<b>(13.697)</b>
<b>TOTAL</b>	<b>3.724.216</b>	<b>(3.724.216)</b>

**TAT GIDA SANAYİ A.Ş.****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

## Note 29 – Nature and the Level of Risk Resulted from Financial Instruments (Continued)

**b) Financial Risk Factors (Continued)**

## Currency risk sensitivity

	31 December 2019	
	Profit / Loss	
	Appreciation of Foreign currency	Devaluation of Foreign currency
In the case of appreciation of US Dollar at 10% ratio compared to TL		
1 - US Dollar net asset / liability	827.423	(827.423)
2- Part of hedged from US Dollar risk (-)	--	--
<b>3- US Dollar net effect</b>	<b>827.423</b>	<b>(827.423)</b>
In the case of appreciation of EURO at 10% ratio compared to TL		
4 - Euro net asset / liability	(645.720)	645.720
5 – Part of hedged from EURO risk (-)	--	--
<b>6- Euro net effect</b>	<b>(645.720)</b>	<b>645.720</b>
In the case of appreciation of GBP at 10% ratio compared to TL		
7 – GBP net asset / liability	(1.015)	1.015
8 – Part of hedged from GBP risk (-)	--	--
<b>9 – GBP net effect</b>	<b>(1.015)</b>	<b>1.015</b>
<b>TOTAL</b>	<b>180.688</b>	<b>(180.688)</b>

## Interest rate risk management

Borrowing the Company at fixed interest rates exposes the Company to interest rate risk.

Interest-sensitive financial instruments are as follows:

	Interest Position Table	
	31 December 2020	31 December 2019
<b>Fixed Rate Instruments</b>		
Financial Assets	120.591.312	10.132.972
Financial Liabilities	261.591.199	235.472.372

**TAT GIDA SANAYİ A.Ş.****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

## Note 30 – Financial Instruments

**Financial Instruments Classification and Fair Value**

	Book Value		Fair Value	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
<b>Financial Assets</b>				
Cash and cash equivalents	120.612.224	10.476.743	120.612.224	10.476.743
Trade receivables	16.439.959	7.577.101	16.439.959	7.577.101
Receivables from related parties	429.134.382	376.303.231	429.134.382	376.303.231
Other financial assets	--	--	4.381.574	2.517.599
<b>Financial Liabilities</b>				
Loan and borrowings	261.591.199	235.472.372	261.591.199	235.472.372
Trade payables	171.665.072	144.666.898	171.665.072	144.666.898
Payables to related parties	41.763.975	36.101.953	41.763.975	36.101.953
Derivative instruments	928.877	7.873.916	928.877	7.873.916

## Fair value of financial instruments

Estimated fair values of financial instruments have been determined by the Company by using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data. Accordingly, estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current market exchange.

The following methods and assumptions are used to estimate the fair values of financial instruments:

**Financial assets**

Carrying values of cash and cash equivalents and trade receivables are assumed to reflect their fair values due to their short-term nature.

**Financial liabilities**

Fair values of short term borrowings and trade payables are assumed to approximate their carrying values due to their short term nature.

Bank borrowings are measured at their amortized cost. It is estimated that the borrowings' fair values approximate to their carrying values.

The fair value of financial assets and financial liabilities are determined as follows:

- 1) First level: Financial assets and liabilities in active markets for identical assets and liabilities are valued at the quoted prices.
- 2) Second level: Financial assets and liabilities and the related assets or liabilities other than quoted prices in first level directly or indirectly observable market prices are used to determine valuation.
- 3) Third level: Financial assets and liabilities, assets or liabilities that are used in determining the fair value observed in the market valuation is based on the data.

**TAT GIDA SANAYİ A.Ş.****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

**Note 30 – Financial Instruments****Financial Instruments Classification and Fair Value (Continued)**

## Financial liabilities (Continued)

The fair values of the financial assets and liabilities classification level are as follows:

	Level of fair value as of reporting date		
	1 <sup>st</sup> Level TL	2 <sup>nd</sup> Level TL	3 <sup>rd</sup> Level TL
<b>31 December 2020</b>			
Financial assets			
Fair value change reflected in other comprehensive income - equity instruments	--	416.506	4.381.574
Derivative instruments	--	416.506	--
<b>Total</b>	--	<b>416.506</b>	<b>4.381.574</b>
Financial liabilities			
Fair value change reflected in other comprehensive income - equity instruments	--	(928.877)	--
<b>Total</b>	--	<b>(928.877)</b>	--
	Level of fair value as of reporting date		
	1 <sup>st</sup> Level TL	2 <sup>nd</sup> Level TL	3 <sup>rd</sup> Level TL
<b>31 December 2019</b>			
Financial assets			
Fair value change reflected in other comprehensive income - equity instruments	--	--	2.517.599
<b>Total</b>	--	--	<b>2.517.599</b>
Financial liabilities			
Fair value change reflected in other comprehensive income - equity instruments	--	(7.873.916)	--
<b>Total</b>	--	<b>(7.873.916)</b>	--

**TAT GIDA SANAYİ A.Ş.****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

**Note 31 – Subsequent Events**

None.

**Note 32 – Other Matters That May Have a Significant Effect on the Financial Statements or Be Explained for the Clear, Interpretable and Understandable of the Financial Statements**

Due to the Covid 19 epidemic affecting the whole world, the slowdown observed in the general economic situation had minimal impact on the sector in which the Company is located, there were no disruptions in the procurement and sales processes of the Company, and no stoppage occurred in the production activities. In this process, the necessary actions have been taken by the Company management to minimize the possible effects of Covid 19 on the Company's activities and financial status.

Due to the Covid 19 epidemic affecting the whole world, the slowdown observed in the general economic situation had minimal impact on the sector in which the Company is located, there were no disruptions in the procurement and sales processes of the Company, and no stoppage occurred in the production activities.

In this process, the necessary actions have been taken by the Company management to minimize the possible effects of Covid 19 on the Company's activities and financial status. Covid-19 outbreak of the effect of need in the world, will continue with how long and in Turkey is not can not be estimated precisely, severity and duration of effects becomes clear, medium and making facilities more pronounced and a healthy appreciation for the long term may be concerned. While preparing its financial statements dated December 31, 2020, the company evaluated the possible effects of the Covid 19 outbreak on the financial statements and reviewed the estimates and assumptions used in the preparation of the financial statements. In this context, possible impairment losses in the financial statements dated December 31, 2020 were evaluated and no significant impact was detected.

## Contact Information

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Tat Gıda



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SEK Dünyasi

**Reporting Period:**

01.01.2020 – 31.12.2020

**Title**

Tat Gıda Sanayi A.Ş.

**Trade Registry No**

İstanbul Ticaret Sicili 96638

**Authorized Capital**

250.000.000 TL

**Paid-in Capital**

136.000.000 TL

This Annual Report ("Report"), including the Board of Directors' Report about the operations and financials of 2020, Auditors' Report, Financial Statements and the Independent Audit Report, was prepared in compliance with the legal regulations in force, to be presented to the Ordinary General Assembly of Tat Gıda Sanayi A.Ş. (Company) to take place on the 19.03.2021 Thursday at 13.30 in Divan Hotel Istanbul, Elmadağ at the address Asker Ocağı Caddesi No. 1, 34367 Şişli, Istanbul. The Report was written only to inform the shareholders, and does not serve the purpose to lay the ground for any investment decision. The opinions stated in the Report regarding the future and projections reflect the Company Management's view on the future situation; their materialization may differ depending on the variables and assumptions that yield the projections. Accordingly, the Company or Members of the Board of Directors, advisors or employees cannot be held liable for any information or communication conveyed as part of this Report or for any direct or indirect loss and damages that may be incurred on any individual because of information based on/omitted from the content of this report. It is believed that all information in the Report was accurate at the time of preparation. The Company rejects any responsibility for errors that may occur during writing or printing.

