



Contents

3 Vision and Values

Tat Gıda at a Glance

6 Main Financial Indicators
7 Summary Operating Results
8 Production Plants
10 Vision-Mission
11 Competitive Advantages
12 Milestones
14 Capital and Shareholding Structure
15 Equity Share Performance

Management

18 General Manager's Message
20 Board of Directors
24 Senior Management

Tat Gıda in 2021

28 Agriculture and the Food Industry in 2021
30 Marketing Activities
34 Exports
36 Main Developments in FY2021

Sustainability

40 Sustainability Strategy
42 Compliance Program
43 Occupational Health and Safety
44 Human Resources
50 Digital Agriculture
57 R&D and Innovation
59 Quality
61 Environment and Energy Management

Corporate Governance

66 Corporate Governance Disclosures
72 Risk Management and Internal Audit
74 Legal Disclosures
76 Corporate Governance Information Form
83 Corporate Governance Compliance Report
90 Sustainability Principles Compliance Report
100 Statement of Responsibility
101 Independency Declaration

General Meeting of Shareholders

106 Agenda of the Ordinary General Meeting of Shareholders
107 Independent Auditor's Compliance Opinion on the Annual Report
109 Dividend Distribution Policy
110 Dividend Distribution Proposal
112 Remuneration for Senior Managers and Members of the Board of Directors

Financial Report

114 Independent Auditor's Report
118 Contents
119 Balance Sheet
121 Income Statement
122 Statement of Changes in Equity
124 Cash Flow Statements
125 Footnotes
191 Contact

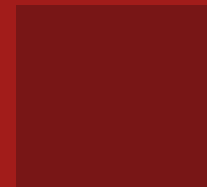
Vision and Values



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

TAT GIDA AT A GLANCE



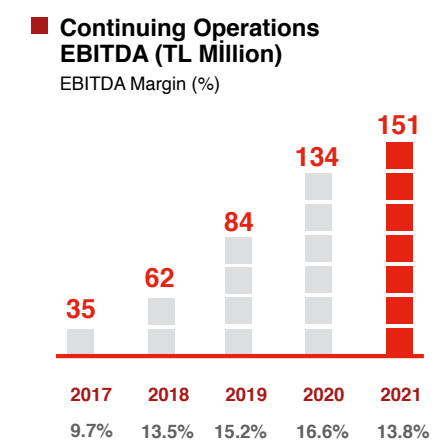
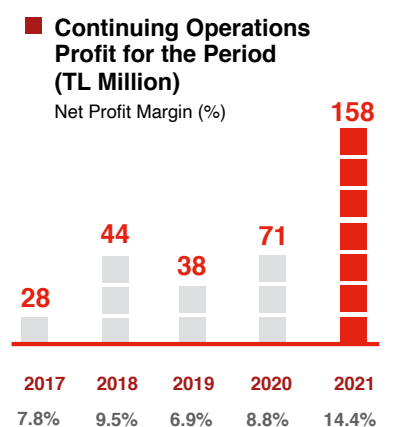
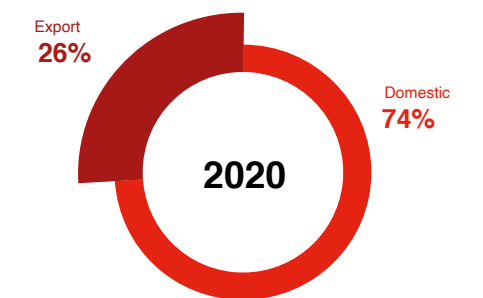
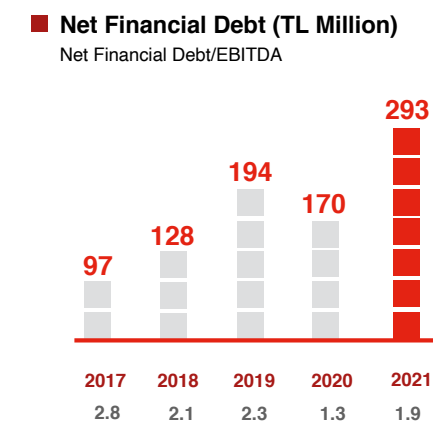
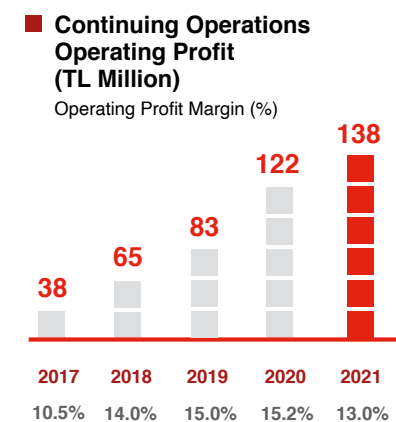
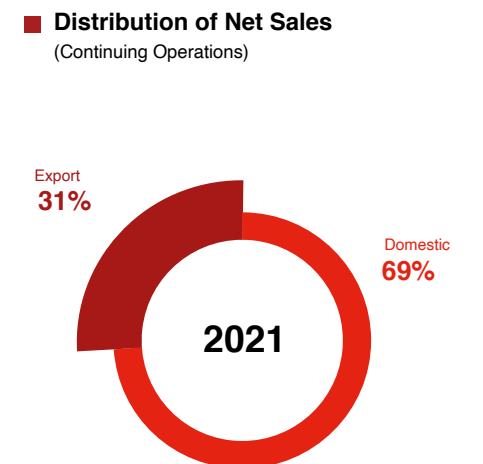
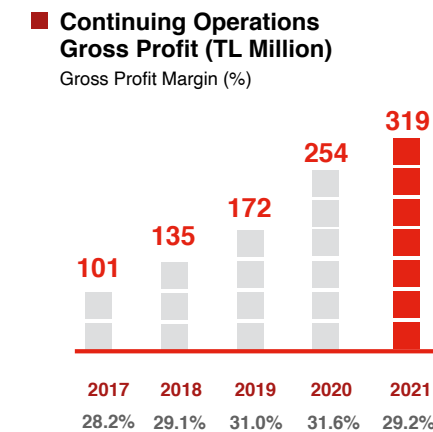
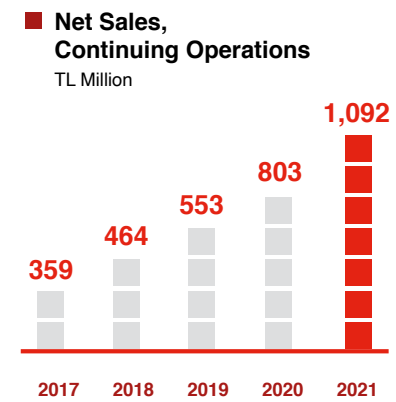
Main Financial Indicators

TL Million	2021	2020	2019	2018	2017
Income Statement - Summary*					
Net Sales	1,092	803	553	464	359
Gross Profit	319	254	172	135	101
EBITDA**	151	134	84	62	35
Operating Profit	138	122	83	65	38
Profit Before Tax	154	97	48	47	32
Profit for the Period from Continuing Operations	158	71	38	44	28
Profit for the Period from Discontinued Operations	66	96	28	-5	33
Profit for the Period	223	167	66	39	61
Balance Sheet - Summary					
Current Assets	1,350	1,173	780	641	563
Cash and Cash Equivalents	106	121	10	28	13
Trade Receivables	474	446	384	323	281
Inventories	628	361	338	238	232
Non-Current Assets	288	136	247	223	223
Total Assets	1,638	1,309	1,026	864	786
Short-term Liabilities	553	411	275	247	271
Short-term Financial Borrowings	92	42	-	48	45
Short-term Portion of Long-term Borrowings	147	73	54	6	57
Trade Payables	258	213	181	167	141
Long-term Liabilities	199	193	191	117	22
Long-term Financial Borrowings	160	175	150	102	8
Equity Capital	885	705	561	501	493
Total Liabilities and Equity	1,638	1,309	1,026	864	786
Main Indicators					
Gross Profit Margin (%)	29.2	31.6	31.0	29.1	28.2
EBITDA Margin (%)	13.8	16.6	15.2	13.5	9.7
Net Profit Margin from Continuing Operations (%)	14.4	8.8	6.9	9.5	7.8
Current Ratio	2.44	2.85	2.84	2.60	2.08
Liquidity Ratio	1.31	1.97	1.61	1.63	1.23
Net Financial Debt/Equity	0.33	0.24	0.35	0.26	0.20

(*) Continuing Operations: Based on the decision to exit the milk and milk products business as of 2021, all income and expenses arising from SEK business line were classified under "Period profit / (loss) from discontinued operations".

(**) EBITDA: Calculated based on adding Financial Income and Expenses, Income and Expenses from Investing activities, Other income and Expense from Operating Activities, Tax Expense and Depreciation Expenses to Net profit for the period.

Summary Operating Results



Production Plants

One of the most long-established and pioneering companies in Turkey, Tat Gıda continues its successful operations at its Mustafakemalpaşa-Bursa, Karacabey-Bursa and Torbalı-Izmir plants with the goal of providing consumers with the most natural, safest and delicious products.

1-Mustafakemalpaşa-Bursa

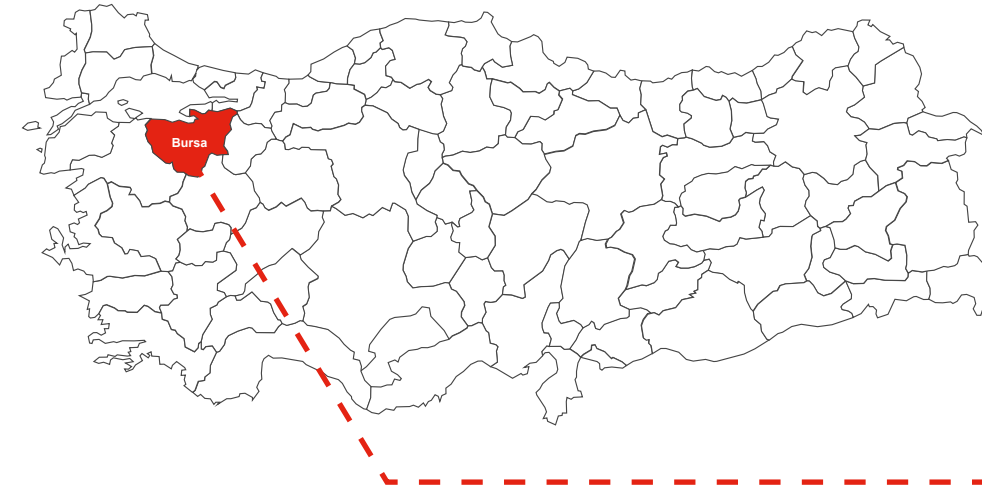
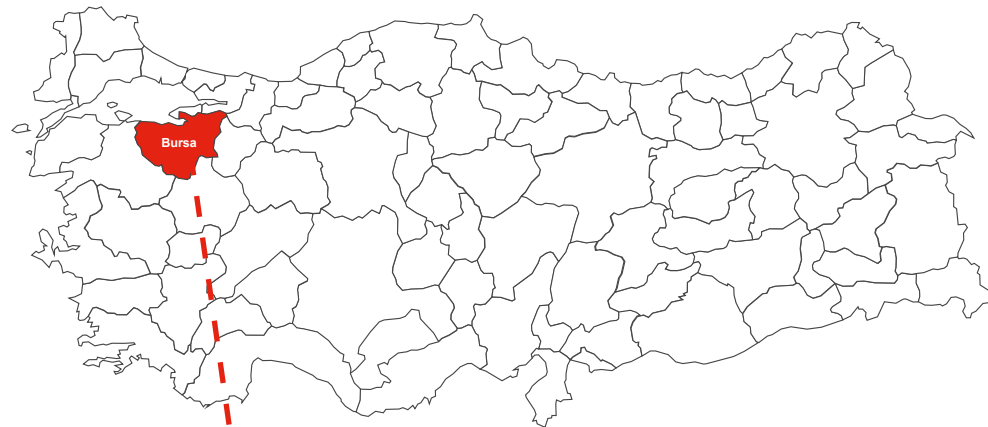
- **Date of Opening:** 1968
- **Total Area:** 474.000 m²
- **Closed Area:** 48.000 m²
- **Products:** Tomato Products, Tomato Paste, Paper Paste, Canned Foods, Sauces, Ready to Serve Food
- **Tomato Processing Capacity:** 2.800 tons/day

Main Specifications:

- The biological wastewater treatment plant in the Tat Mustafakemalpaşa Plant is the largest in the private sector.
- The HACCP system was established in 1996, and it was certified with ISO 9001 QMS in the same year. These systems are still active, and they are verified and updated through periodic second and third party audits.
- Pickle capacity was increased from 5,000 to 22,000 tons following the building investment in the Mustafakemalpaşa plant in 2021.

All 3 plants have the following certificates:

- **“Japanese Agriculture Standard”** Certificate for conforming to Japanese standards
- **TS EN ISO 9001:2008 Quality Certificate**
- **FSCC 22000: Version 3 Food Safety Certificate**
- **Energy Management System-ISO 50001:2011 Certificate ve Certificate and Halal Certificate from Gimdes**
- **TS EN ISO 14001 Environmental Management System Certificate**



All of Tat Gıda's plants have earned the ISO 50001 Energy Management System Certificate and ISO 14001 Environmental Management System Certificate.

2- Karacabey-Bursa

Main Specifications:

- Total tomato paste production capacity increased from 71,000 to 85,000 tons following the building investment in Karacabey plant in 2021.
- With the investment in 2021, it had the first pre-evaporator process in Tomato Paste Production in Turkey.

- **Date of Opening:** 1977
- **Total Area:** 215.000 m²
- **Closed Area:** 29.000 m²
- **Products:** Tomato Paste, Tomato Products
- **Tomato Processing Capacity:** 6.200 tons/day

3-Torbalı-Izmir

- **Date of Opening:** 2006
- **Total Area:** 48.000 m²
- **Closed Area:** 8.000 m²
- **Products:** Tomato Paste
- **Tomato Processing Capacity:** 2.900 tons/day

Main Specifications:

- The first tomatoes of the year are processed at this plant.
- 70% of Torbalı plant products are exported.
- It is the leanest plant among the three plants of the company.



Mission-Vision

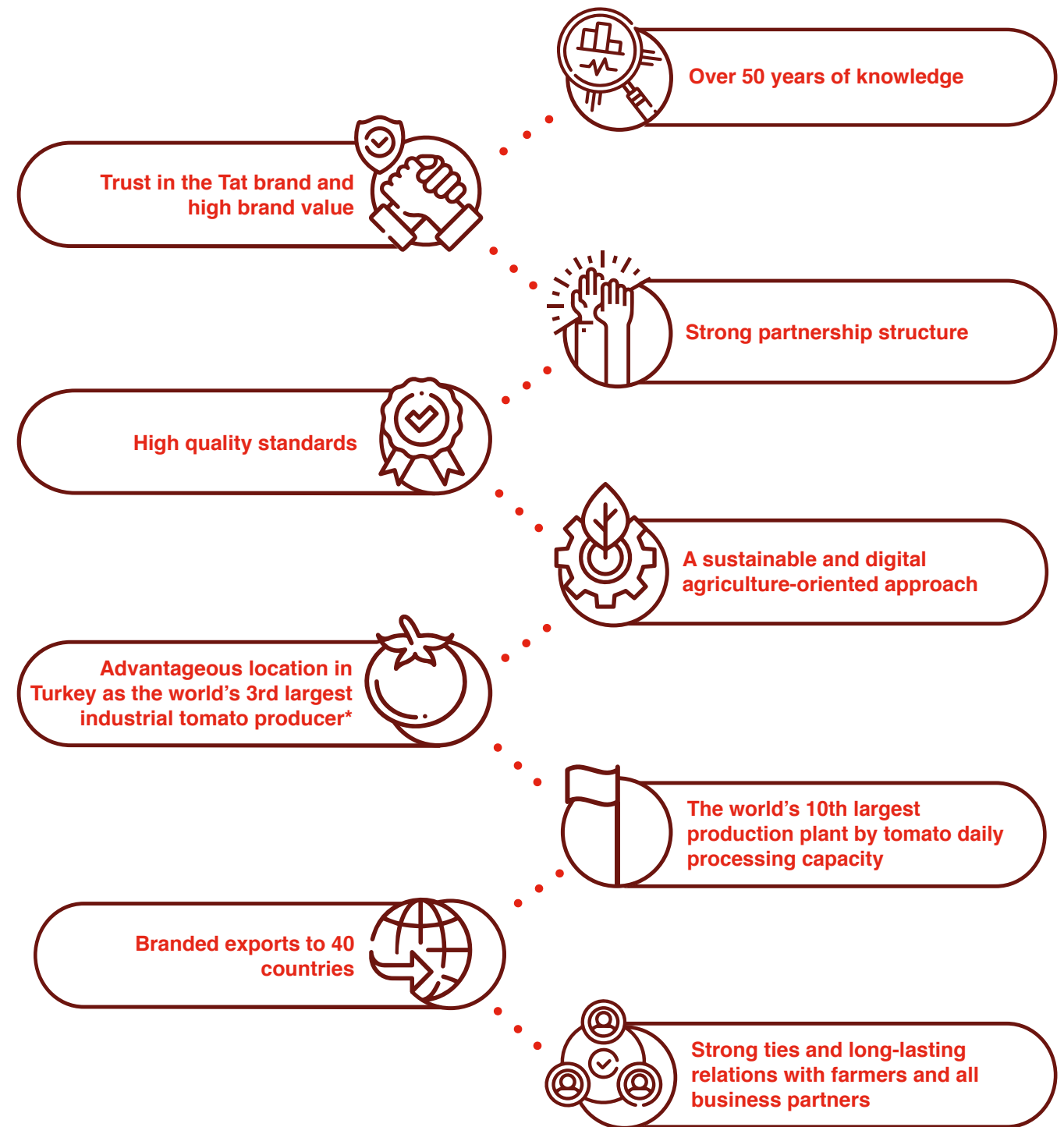
Vision

With our well-known brand in Turkey expanding globally, be the healthy eating partner of our consumers while supporting sustainable agriculture.

Mission

We are here to provide real tastes of nature to every meal

Competitive Advantages



*FAO 2019 Statistics (processing + fresh tomato)

Milestones



Tat Konaşery was established



An Important Step in Technology

The 80s were breakthrough years for Tat Konaşery. Stable growth continued in both the domestic and foreign markets. In 1981, modern technology was brought to the plant, establishing the "aseptic line", followed by a second line in 1985.

Another Groundbreaking Step by Tat

Bringing tomato chopping technology to Turkey in 1989 and breaking yet more new ground, Tat Konaşery started to can diced and peeled tomatoes free of additives and continued to bring healthy and practical taste to food.



New Lid Technology

Tat introduced a Magnum diced tomato line with welded lid technology, which very few US companies have and is only available at Tat in Turkey across Europe. This technology decreases the risk of air leakage in aseptic diced tomatoes to one in a billion.



Tat Tomato Festival

In 2010, 300,000 tons of tomatoes, 8,000 tons of vegetables and fruit were processed, and 2,000 tons of tomato paste, 4,000 tons of tomato products, 10,000 tons of ketchup, 6,000 tons of mayonnaise, and 8,000 tons of other canned food and jams were produced. The first Tomato Festival was held in the Tatavakli District, named after Tat, where the Tat Mustafakemalpaşa plant is located, with thousands of people attending the festival.

Guinness Record

Celebrating its 50th year in 2017 with great enthusiasm together with farmers and its employees, Tat set a Guinness World Record for "The Most People Simultaneously Spreading a Product on Bread" at its Mustafakemalpaşa plant.



Tat Organic Series

Organic Tomato and Organic Pepper Paste were added to the Tat organic family, produced from organic tomatoes grown in the Aegean Region and carefully harvested in season.

Production Capacity Increase

Tat Gıda increased its total annual tomato paste production capacity from 71,000 tons to 85,000 tons and its gherkin pickle production capacity from 5,000 tons to 22,000 tons with its capacity increase investments in 2021.

1967

1980

1989

2003

1970

1983

1997

2006

2010

2017

2019

2021

A First in Turkey

41,500 tons of tomatoes were processed, producing more than 8,000 tons of tomato paste at Tat Konaşery Plant in 1970. The export of 6,100 tons of tomato paste proved that Vehbi Koç's dream of export-based agricultural production was viable. In the same year, Tat Konaşery plant presented consumers with Turkey's first concentrated soup and tubed tomato paste.

Kagome Tat Project

In 1983, Tat Konaşery signed an agreement with Kagome, a well-established Japanese company whose had been produced tomato and tomato products since 1899, initiating the "Kagome-Tat Project".



Production Filling Lines Established

Tat Konaşery took rapid steps in the 90s. Tat went public in 1993 and made another breakthrough in 1997, establishing mustard, ketchup, and mayonnaise filling lines with state-of-the-art, zero touch production machines.

True Tastes under Our Protection

By opening the new plant in İzmir, Torbalı in 2006, production capacity increased and Tat continued to offer consumers delicious products with the motto 'True Tastes under Our Protection'.



2016

Tomato Pioneers

Breaking more new ground in the sector, Tat Gıda started the "Tomato Pioneers" project to develop tomato processing in Turkey to bring it to a level that can compete on the international market.

2018

Digital Agricultural Field

Leading the way in digitalization in agriculture, Tat created the "Digital Agricultural Field" using digital farming technologies.

2020

Safe Production

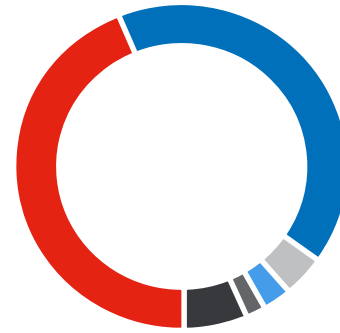
Tat Gıda became the first company in its sector to receive the TSE COVID-19 Safe Production Certificate.



Capital and Shareholding Structure

Maintaining its steady growth together with its strong capital structure, Tat Gıda continues to grow in focused business areas.

As of 2021-end, Tat Gıda's registered capital ceiling was 250,000,000 Turkish Lira and paid-in capital was 136,000,000 Turkish Lira, with no changes occurring during the year. Our company has no preferred shares issued.



43.7%
Koç Holding A.Ş.

3.7%
Kagome Co Ltd.

3.3%
Temel Ticaret Yat. A.Ş.

1.5%
Other

6.4%
Public

41.4%
Total

Name/Title of Shareholder	Amount of Shares (TL)	%
Koç Holding A.Ş.	59,364,947	43.7
Kagome Co Ltd.	5,071,168	3.7
Temel Ticaret Yat. A.Ş.	4,427,889	3.3
Sumitomo Corp.	2,077,983	1.5
Other	8,745,169	6.4
Public	56,312,844	41.4
Total	136,000,000	100.0

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, 2021.

Title	31.12.2021
Ram Dış Ticaret A.Ş.	7.5%
Düzey Tüketim Malları Sanayi Pazarlama ve Ticaret A.Ş.	1.1%

Equity Share Performance

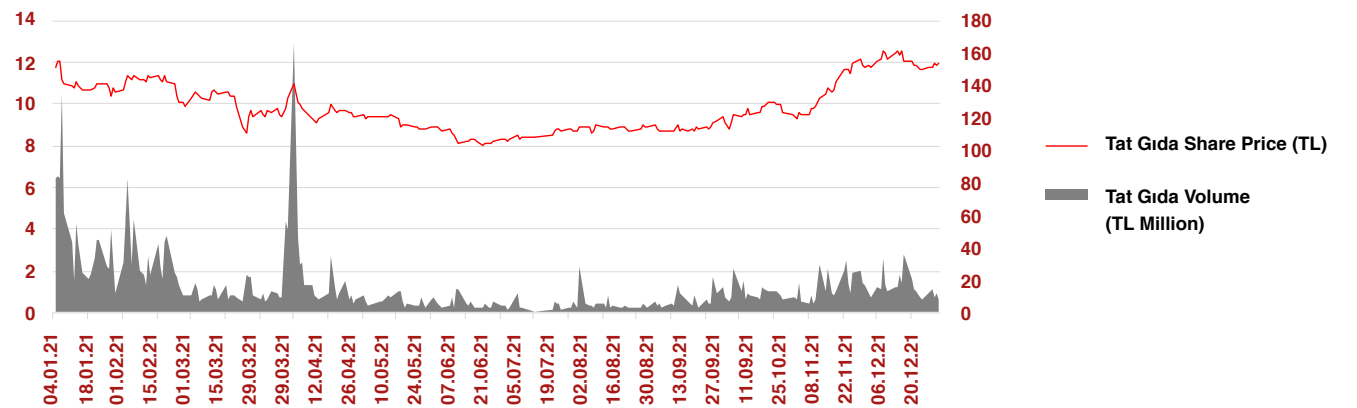
Company shares have been traded on the Borsa Istanbul (BIST) since 1993, with 41.40% of shares held by the public.

Tat Gıda is traded on the Star Market and holds a place on several indexes: BIST ALL / BIST ALL-100 / BIST FOOD, DRINK / BIST BURSA / BIST SUSTAINABILITY / BIST INDUSTRIAL / BIST CORPORATE GOVERNANCE. As of 31.12.2021, Tat Gıda's share price was 11.96 TL with a market capitalization of 1,627 million TL (122 million US Dollars). Foreign investors hold approximately 12.7% of the company's shares traded on the Istanbul Stock Exchange (Borsa Istanbul). In 2021, the average daily trading volume of company shares was 16.2 million TL.

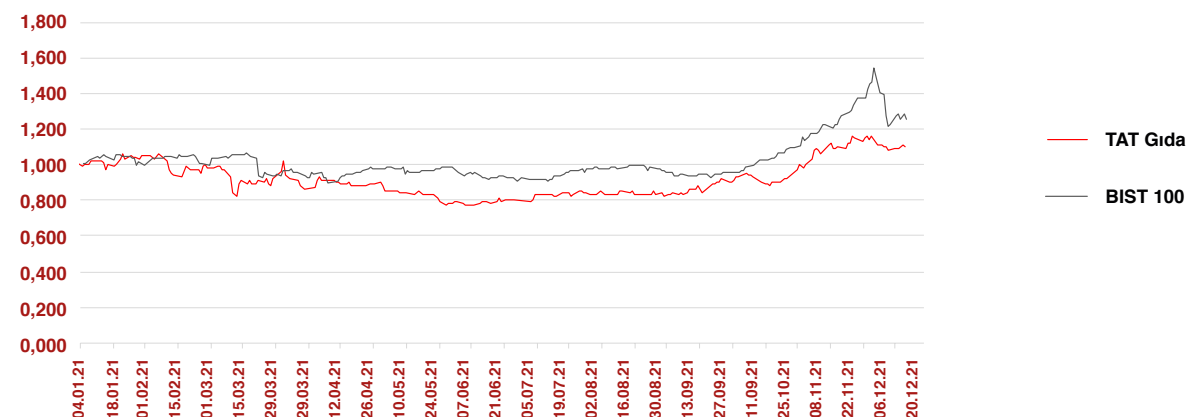
SAHA Corporate Governance and Credit Rating Services (SAHA), an officially authorized rating organization which abides by the Corporate Governance Principles of the Capital Markets Board (CMB), revised up the Corporate Governance Rating of Tat Gıda to 9.52 (95.17%) on 28.12.2021.

The 2021 performance of equity shares on the stock exchange is summarized below:

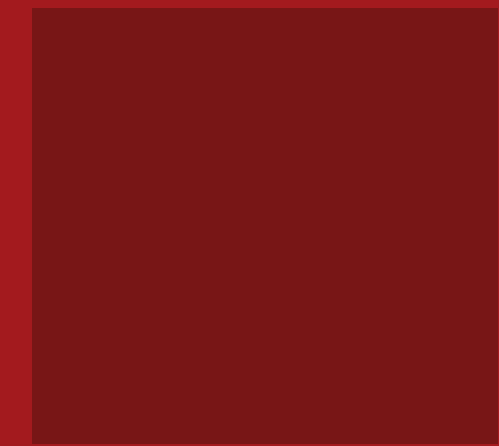
Tat Gıda Share Performance



TAT Gıda – BIST100 Relative Performance



MANAGEMENT



General Manager's Message



Evren Albaş
General Manager

I am happy to say that we correctly analyzed our country and the world, focusing on the right points despite all the difficulties, and thus turning 2021 into an opportunity of transformation and innovation. I am proud to say that we have continued to grow successfully.

Dear Shareholders and Stakeholders,

Tat Gıda has continued its journey with the same passion since day one, when our founder, the late Vehbi Koç, set out with a vision to serve the country, and especially to develop agriculture and the food industry. As the first choice of millions of people every day, we are aware of our great responsibility.

Before anything else, Tat Gıda is an ecosystem with a large economic and social impact that we create with all our stakeholders, colleagues, customers, manufacturers, suppliers, and shareholders. Throughout our history of more than half a century, we have considered strengthening our country with production, investment, exports, and employment as a national issue and our duty.

We have instituted significant updates and renewals to prepare for the future and respond to the needs of both consumers and society as they have faced the recent pandemic and the climate crisis whose effects have only been getting more severe. The demand for safe, healthy, well-sourced, and quality food has increased, and the need for innovative products that can adapt to the new pace of life is increasing at an unprecedented rate. From a national perspective, we have been working meticulously on the country's critical issues, such as the need to protect and strengthen domestic production, as well as sustainability.

I am happy to say that we correctly analyzed our country and the world, focusing on the right points despite all the difficulties, and thus turning 2021 into an opportunity of transformation and innovation. I am proud to say that we have continued to grow successfully. We had a dynamic year, updating our logo and product packages, maturing new category ideas, planning steps to bring depth to our sustainability efforts, and implementing new campaigns.

We are proud to have the world's 10th and Europe's 5th largest production plant, thanks to our investments to increase tomato processing capacity in 2021. Looking at the domestic market, our income share for tomato products, tomato paste, ketchup, and pickles shows that our position as the market leader continues to strengthen.

Focusing on 2021, our turnover from our main business line consisting of tomato paste, tomato products, sauces, and canned products totaled TL 1.092 million, with an increase of 36% compared to the previous year. Our gross profit increased 26% compared to the previous year, reaching TL 319 million, and our profit before Interest, Depreciation and Tax increased 13% year-on-year to TL 151 million. Our net profit for the period was TL 158 million – 121% higher than the previous year.

With capacity increase investments at our factories in Bursa Mustafakemalpaşa, Karacabey and İzmir Torbalı, we increased our total annual tomato paste production capacity from 71,000 tons to 85,000 tons, and we increased our production capacity of gherkin pickles from 5,000 tons to 22,000. We also invested in capacity building for pickle production, and we now have an integrated pickle production infrastructure with a high level of automation and production speed from start to finish. Investments at our Karacabey plant increased not only our tomato paste production capacity but it also increased our energy efficiency and premium quality production significantly. Thanks to these investments, we now have the first pre-evaporator process in our country in tomato paste production.

We processed a total of 503,000 tons of tomatoes in 2021 at our three plants in Turkey; a record level of production that surpassed last year's 381,000 tons by 32%. Our capacity

increase investments also meant the tomatoes we processed amounted to 23% of Turkey's total industrial tomato production. Tat Gıda produced a total of 132,000 tons of tomato products, sauces, pickles, and ready-to-eat food products in 2021, 25% more than the previous year.

Thanks to investments in production and commercial marketing channels, our branded products achieved a record level of sales and turnover, maintaining our stable domestic growth. We continued to meet with consumers at creative communication activities and through business partnerships over many different kinds of media, both traditional and digital, in order to respond to changing consumer needs and improve relations between our brand and different generations.

As one of Turkey's largest food companies, we are well aware of the importance of exports for our country during these difficult times, so we are sustaining our success both in the domestic market and internationally, and our investments continue in line with our goals of growth in foreign markets and expanding our product range.

We are a strong actor in the Japanese, Italian and German markets, and we export to 40 countries from Japan to the USA. Our record export volume of 37 million dollars in 2021 was a significant increase of over 28% in dollars compared to 2020. The share of Tat Gıda' foreign revenues amounted up to 26% of its total revenues in 2020, but this ratio increased to 31% in 2021. We will also work decisively to enter new markets in 2022.

At Tat Gıda, we know that agriculture is our future. Being a self-sufficient, productive country is much more important today than in the past. Since 1967, we have worked to develop tomato agriculture and empower farmers based on this idea, and we are pioneering digitalization and modern applications in agriculture.

Today, digital agriculture is necessary for the whole world in terms of protecting resources, increasing efficiency, and reducing costs. For this reason, agricultural digitalization is one of Tat Gıda' strategic priorities. We implement different digital solutions for data collection, interpretation, mechanization, and remote monitoring first with pilot projects and then with dissemination projects. Using these digital technologies, we created the technological infrastructure and a tracking system to establish the relationship between field data and product performance. In 2021, we achieved a yield of 11 tons per decaire using our digital agricultural practices on an area of 2,500 decares, raising our country's average yield of tomatoes to 7-8 tons, which was higher than the world average.

Tat Gıda has invested more than TL 7.5 million in smart agricultural technologies over the last 3 years. With these investments, we join hands with farmers to increase our country's tomato production to international standards and make it sustainable. By sharing digital practices and good examples that we have implemented in tomato farming with producers, we achieve successful results in terms of costs, efficiency, and sustainability. We serve as a role model for the spread of digital agricultural practices. In addition, we provide training to develop farmers, and explain the importance of more efficient production with less resource use, and we are happy to see that farmers are becoming more aware every day.

We are obliged to invest in agricultural sustainability in order to reduce the use of inputs such as water, fertilizers, and chemicals and reset the carbon footprint for the world's future. At Tat Gıda, we reduced water consumption on our own fields by 30% through digital agricultural practices. Our next goal is to spread these technologies to fields, and the farmers who we work together and to whom we provide advice on digital agriculture, to increase agricultural productivity and decrease water consumption with more conscious irrigation.

As part of our vision for the future, we always put sustainability at the center of the way we do business and aim to create a clear positive impact. We are preparing a Sustainability Strategy Roadmap covering the issues of agriculture, production, strengthening women's employment, the environment, food safety and food availability, recycling, and efficient use of resources. I would like to underline that we are a brand that takes good care of Turkey in every area we operate in. Thus, we will focus on telling all our stakeholders about digital agricultural practices that will make every step of production traceable and ensure food safety, in addition to supporting the increase of social awareness about these issues.

Tat Gıda will continue its innovative work in 2022. In particular, we will take strong steps to respond to diversifying food needs and changes in eating habits triggered by the increased awareness of healthy eating. We aim to lead further development of the market demand for plant-based food products with our Tat branded products.

This year, we will also invest in our innovative product range, production technology, and capacity in order to strengthen our business in our main markets, use organic and inorganic growth opportunities in foreign markets, and extend our product portfolio to meet rapidly changing consumer needs.

I would like to express my deepest gratitude to our shareholders and business partners who trust our company, the valuable employees of the Tat Gıda family who are our greatest strength in achieving these goals, and to our valuable consumers who are charting the course of our brand.

Kindest regards

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 a 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 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 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. In February 2016, he was appointed as the Chairman of the Board of Directors of Koç Holding. He serves as the Vice President of TÜSİAD High Advisory Council, Chairman of Turkish Educational Foundation Board of Trustees, President of Geyre Foundation and Chairman of Yapı Kredi Kültür Sanat Yayıncılık Board of Directors, Chairman of Tüpraş Board of Directors and Member of the Board of Directors at other Koç Group companies.



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 "Haremlique 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.

Board of Directors



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. In April 2019, he was appointed as Managing Executive Officer and Division Director of Production & Purchasing Division, and later in October 2020, he became the Senior Managing Executive Officer. As of March 2021, Mr. Hashimoto has been appointed as Board Member & Senior Managing Executive Officer.



Neslihan Tonbul
Independent Member

Neslihan Tonbul graduated from Rutgers University with a degree in Economics and Political Science in 1981 and completed her master's degree in International Finance and Economic Development at the Tufts University Fletcher School of Law and Diplomacy in 1983. From 1983 to 2008, she served as a senior manager at the New York, London and Istanbul headquarters of various international financial institutions such as the Irving Trust Company, the Bank of New York, and BNY Mellon, and later was appointed regional manager responsible for Middle East, Africa, Eastern Europe and Turkey. She has been a Board member at various holdings and organizations in Turkey since 2008, and is currently on the boards of Tofaş, Tat Gıda, Petkim, Alarko Holding and Vakıfbank International. Tonbul studied at Harvard Business School and CFEG in Boston specializing in Family Business Management, and she has been teaching courses on "Family Business Management" and "Impact Investment and Sustainability" at Koç University's Faculty of Economics and Administrative Sciences since 2017.



Fatma Füsün Akkal Bozok
Independent 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 a 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 Akiş GYO and Bizim Toptan since 2017, and at Tat Gıda 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.



M. Sait Tosyalı
Independent 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.

Senior Management



Evren Albaş*
General Manager



Başak Tekin Özden
Assistant General Manager
Finance and Accounting



Hakan Turan**
Assistant General Manager
Production



İstem Başar
Director
Human Resources



Kasia Özgen***
Assistant General
Manager Marketing and
Commerce

Evren Albaş* General Manager

Albaş graduated from Middle East Technical University's Department of Mechanical Engineering, and completed his master's degree at Istanbul Technical University. Starting his professional career as a Research Engineer at T.E.E. Inc. (Turkish Electric Industries Inc.) between 1993-1995, Evren Albaş served as an R&D Engineer at Arçelik between 1995 and 1999. In 1999 he transferred to Arçelik, then returned and served as an R&D Specialist until 2003 when he returned to Arçelik as a Purchasing Specialist. He then served as a Purchasing Manager, Purchasing Group Manager, and Product Supply Director. Achieving success in various positions at Arçelik, Albaş finally became Regional Director for Sub-Saharan Africa at Arçelik and then General Manager of Defy Ltd., the leading white goods brand of South Africa. On August 16, 2021, Evren Albaş assumed his current position as General Manager of 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.

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 a Consumer Services Director from 2008 to 2012 at Arçelik A.Ş. Turan, who has been serving as the Assistant General Manager for Production since May 7, 2012 at Tat Gıda Sanayi A.Ş., appointed as Assistant General Manager for Trade and Operations in 2021.

İstem Başar Director Human Resources

A graduate of Boğaziçi University's Department of Business Administration, Başar started her professional career at Çelebi Air Services in 2000. She served as an HR Officer here for two years, and later served as an HR Officer at Havaş, a Senior HR Consultant at Ernst&Young, and as an HR Manager at Sabancı Holding. In 2011, Başar moved to Arçelik as Development and Talent Manager, followed by Group Manager/Talent & Organizational Development and Group Manager responsible for Europe & MENA regions. Since January 2021, İstem Başar has been the HR Director at Tat Gıda Sanayi A.Ş.

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.

* Mr. Evren Albaş has been appointed as the General Manager of Tat Gıda Sanayi A.Ş. effective from August 16, 2021, following Mr. Oğuz Aldemir's voluntary resignation as of July 30 2021.

** Mr. Hakan Turan has been appointed as Assistant General Manager for Trade and Operations as of November 10, 2021.

*** Ms. Kasia Özgen resigned as of December 31, 2021.

TAT GIDA
IN 2021



Agriculture and the Food Industry in 2021

Impacted by climate change, the pandemic, and fluctuations in the global economy, 2021 was a difficult year for the Turkish agricultural industry. However, despite all these challenges, the industry displayed its best export performance ever, and is now in the process of transformation to digitalization and smart farming.

Every developed and developing country owes a debt to the agricultural sector for their progress, and due to the globalizing economic system, increasing competition, and rapidly changing market conditions, the sector's importance is only increasing. However, climate change, growing world population, and improvements to human well-being have started to pose a threat to agricultural production and food safety. Scientists largely agree that climate change is happening today, and its effects will increase in the future. The threats posed by climate change are creating an unprecedented demand for more efficient, healthy, nutritious and sustainable solutions.

Urgent issues on the world agricultural agenda include an estimated shrinkage of land and water resources due to a growing world population, the need for sustainable agricultural production to alleviate the effects of climate change, protection of natural resources, strengthening of technological food chain infrastructures, increasing agricultural productivity, and preventing food loss and waste.

The pandemic has reminded us how food and agriculture in particular are important. During this process, some people left metropolitan cities, returning to their rural homelands and more or less engaging in agricultural production on the lands they once abandoned. Agricultural production never stopped, not during lockdowns or the highest levels of restrictions. The problems with seasonal workers experienced in the

beginning were overcome in a short time and production continued. The pandemic has underlined the need to revisit issues such as food safety, combating food waste, redesigning agricultural production, ensuring the durability of supply chains, and diversifying protein sources, demonstrating the existing limits of the global food industry.

2021 was marked by drought, increased input prices, the effects of the corona virus pandemic, increased food prices, excessive fluctuation in foreign currencies, wildfires, natural disasters, and catastrophes. These developments affected not only farmers, but also food manufacturers, exporters, and consumers. The most important development that stamped the agricultural industry in 2021 was the price hikes in fertilizers, diesel fuel, and pesticides. In the field of livestock, as well, increase was seen in feed prices while meat and milk prices remained low and this stayed on the industry's agenda for a long time.

2021 was the Year of Downsizing in Agriculture

According to TÜİK (Turkish Statistical Institute), agriculture grew 8.3% in the first quarter of 2021 and 0.6% in the second quarter, but shrank 5.9% in the third quarter, bringing 12 consecutive quarters of agricultural industry growth in the country to an end and starting a shrinking trend, contracting 2.8% in the first three quarters. Agriculture is also important for employment. The share of



agriculture in employment decreased from 18% in October 2020 to 17.1% in the same month of 2021.

From the consumer's perspective, decreasing production has caused an increase in food prices. According to United Nations Food and Agriculture Organization (FAO) data, global food prices increased 28% in 2021 to reach their highest level in the last decade. They also emphasize that market conditions are not expected to stabilize in 2022. The FAO food prices index measuring the price of a basket of food such as cereals, oilseeds, dairy products, meat, and sugar fell 0.9% in December 2021 compared to the previous month, but at an increase of 23.1% to 133.7 points compared to the same month of the previous year. The 2021 index average was 125.7 points, an increase of 28.1% compared to the previous year.

The agricultural input price index (Agri-IPI) increased 36.2% in November 2021 compared to same month of the previous year, and 25.4% compared to the twelve-month average. The largest annual increase was in the fertilizer and soil improving products subgroup at 121%.

The Highest Export Rates Ever in 2021

The agricultural industry achieved its highest exports of all time with foreign sales exceeding 29 billion dollars in

2021. According to Turkish Exporters Assembly (TIM) data, in 2021, Turkey's exports increased 32.9% compared to 2020, amounting to 225 billion 367.7 million dollars. Agricultural exports also increased 22.2% compared to the previous year, reaching 29 billion 737.6 million dollars, the highest export amount of all times.

Digitalization in Agriculture

To feed the world's population, agriculture is an indispensable and strategic industry. It's not easy to ensure food safety for the world's population which is currently exceeding 7 billion, and the United Nations estimates that the world's population will exceed 9 billion by 2050, making it inevitable that we must take advantage of the power of science and technology to establish food safety, sustainable agriculture, and better food systems for humanity. Technology is progressing at a pace that is difficult to keep up with, and the agricultural industry is benefiting from these developments. As the relations between agriculture and technology grow, various smart applications emerge, such as communication with machinery and equipment, phytosanitary applications, drones, autonomous tractors, soil sensors, climate stations, and cloud technologies for data analysis, resulting in the onset of a data-driven agricultural transformation which helps farmers make better decisions and use resources effectively, while sensitive agricultural systems ensure the effective assessment of agricultural lands.

Artificial intelligence and smart digital systems increase efficiency in many areas from irrigation to spraying, and from fertilization to harvesting, while also increasing savings, and the future will bring more support to innovative and environmentally-friendly production techniques, especially smart agricultural farming technologies.

A BUSY YEAR IN THE FOOD SECTOR WORLDWIDE

The food, drink, and agricultural industries are interconnected and complementary to each other. These industries are made up of **2.2 million** producers, about **13,000** producer organizations, and over **30,000** small or large-scale firms.

2021 was a busy year for the food industry due to frequently changing food prices. Global food prices have been rising since **2020** when the COVID-19 pandemic broke out, and this increase has been one of the factors driving the rise of inflation worldwide.

According to the Food Price Index published monthly by the United Nations Food and Agriculture Organization (FAO), food prices set a decade high record in September **2021**. In addition to the impact of the pandemic, price hikes in food were also affected by increases in oil prices, food production, and transportation costs.

TURKEY RANKS 5TH IN THE WORLD IN PROCESSED TOMATOES

Five countries account for two-thirds of the world's tomato production. According to figures from the end of **2020**, with **13.2 million tons** of total tomato production (edible and for production purposes) Turkey was the **3rd** largest producer* in the world.

In **2021**, **39 million tons**** of tomatoes were processed around the world. Turkey ranked **5th** after the US, China, Italy and Spain, producing **2.2 million tons** of tomatoes. This amount is equivalent to **6%** of the world market for processed tomatoes.

*FAO
**WPTC October 2021

Marketing Activities

Tat closely follows the new generation's nutritional and living habits, performs careful market research, and sets trends, so in 2021, it renewed both its product categorizations, its logo, and its packaging.

When it comes to tomato paste, tomato products, ketchup, and canned food, the first brand that comes to mind is Turkey's market leading brand, Tat which continued to invest in its brand in 2021 to consolidate its awareness.

As a result of market research Tat conducted in 2021, it revised and updated the category separation of its products according to the expectations and needs of consumers. The Tat Product Family is now divided into 3 main groups – Subsidiaries of Meals, Taste Boosters and Ready-to-Eat Products.

Tat always sets its path by listening to its customers, so the renewal process it started in light of research data was carried over to its product packaging and design. In light of Neuro Science methodology, it analyses the changing life habits and expectations of customers and renewed all its packaging, especially for tomato paste and tomato products.

Based on the principle that it brings natural, safe, and healthy food to tables, Tat's new tomato paste and tomato products are now on shelves with new packaging that "speaks to the



Subsidiaries of Meals

- Tomato Paste
- Pepper Paste
- Mixed Paste
- Tomato Products
- Canned Vegetables
- Canned Peas
- Grilled Foods
- Boiled Foods
- Corn

Appetizers enrich flavor and are used in a variety of meals and side dishes.

Taste Boosters

- Ketchup
- Mayonnaise
- Mustard
- Hot Sauce
- Condiments
- Pasta Sauce

Condiments are products that cannot be consumed on their own, but can be used to give more flavor and to season meals.

Ready-to-Eat Products

- Jam
- Jam with No Added Sugar
- Marmalade
- Tahini-Grape Molasses
- Bread Spreads

Products that add color and taste to breakfast tables.

- Soup
- Fish (Mackerel)
- Ready-to-Eat Meals
- Mixed Pickles
- Pickled Gherkins
- Pickled Cabbage
- Pickled Beets
- Pickled Peppers

Practical products that can be consumed on their own.



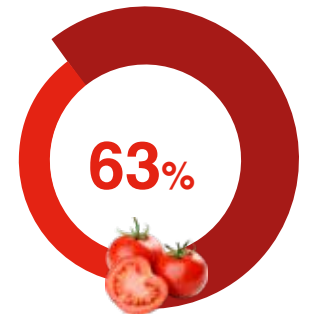
consumer". Tat makes life in the kitchen easier with its safe products, and it also offers new tastes to consumers. Also, Tat's new packaging designs make its product labels even more detailed. In its new packaging designs, Tat has made the product labels even more detailed to guide different consumer needs.

At the same time, for the new season, Tat launched a commercial film aimed at people who make tomato paste using traditional methods, chopping or grating tomatoes before deep-freezing them, to tell them that Tat takes great care to do all these things for them. The commercial describes this journey, and Tat addresses its consumers with the message "Tomatoes Make the Meal Tasty and Tat Makes Tomatoes Taste Good" to show consumers that they can make the most delicious dishes with carefully prepared Tat tomato paste and tomato products made with the best ripe tomatoes.



If you would like to watch the commercial "Tomatoes Make the Meal Tasty and Tat Makes Tomatoes Taste Good", please scan the QR code on the side. (<https://www.youtube.com/watch?v=oWM22gesr3g>)

The campaign was released on different mediums, from stores to digital media. Posters and special shelving were used to attract consumers' attention. The digital side included Facebook, Instagram and YouTube ads and sponsored ads. The Tat Family organized giveaways and drew lots on their Instagram account with cooking influencers asking a series of questions with a series called "Questions with Tat".



Tomato Products with a 63% Turnover Share



Tomato Paste with a 35% Turnover Share



Ketchup with a 27% Turnover Share



Pickles with a 23% Turnover Share

*Nielsen Retail Panel 2021

“To taste means to try. It is excitement, and discovery. To look for it and find it, enjoying the journey and not just the destination. There are no mistakes here, no bias. There are so many tastes waiting to be explored, right next to you or on the other side of the country. Only one brand can take you on such a journey.”

Renewing the Sauce Category

2021 was a year of renewal for the Tat sauce category also. Refreshing the brand position for its sauces, Tat announced a brand-new manifesto for the sauce group: “FIRST, GIVE IT A TAT”. Along with the new positioning, the new packaging design was first applied to Ketchup, Mayonnaise, and Mustard products. Besides, a new commercial was broadcasted to go along with the renewal process. The “First, Give It A Tat” commercial was awarded the “Silver Crystal” award in the TV & Cinema Film/Food category at the Crystal Apple Creativity Awards. This commercial also ranked 3rd on the YouTube Ads Leaderboard List.



Tat took advantage of various channels during the relaunch period for the Tat sauce category. In addition to sharing ads and sponsored contents on social media channels, Tat also used other advertising methods: They created a playlist dedicated to Tat Sauces on Spotify, published sponsored content on TikTok, held a contest on Tat Sauces' Instagram account, and shared ads that redirected consumers to online sales channels such as Banabi and Istegelesin. At the same time, the company cooperated with different influencers in Istanbul, Ankara, and Izmir, and they shared contents.

The Tat Organic Series Continues to Grow

In 2021, Tat added three more products to its family of organic products. It introduced organic peas, organic boiled chickpeas, and organic boiled dried beans.



Pickles, the Essential Side Dish, Diversified with Local Flavors

Tat expanded the pickle category with its Local Tastes product line and offered new flavors to its consumers.

Gherkins, Beans, Cauliflower, and a special, limited Tomato pickle made for the launch year only, took their places on shelves in 720 cc jars.



If you would like to watch the commercial “FIRST, GIVE IT A TAT”, please scan the QR code on the side. (https://www.youtube.com/watch?v=vIN-pXP_b5U)



Tat leads the sector through its customer-oriented approach based on trust, quality, and a culture of innovation. It constantly conducts research and development activities to better meet its customers' expectations.

Broadcast a Digital Ad for Tat Köy Salça

We also broadcast a digital ad for Tat Köy Salça (Village Tomato Paste) with the message, “We fit 8 kilos of tomatoes and flavor into 1 kilo of Tat Köy Salça” and we shared sponsored content on social media channels. We used Instagram stories to redirect consumers to online sales channels including Getir and the Migros Virtual Market.



Special Occasions Celebrated with Consumers Throughout the Year

On Valentine's Day, we drew lots with influencers on Instagram to send special gift boxes to 5 people to add flavor and elegance to their tables.

During Ramadan, the Tat family posted recipes that received a lot of attention on their Instagram and Facebook accounts for 30 days.

Sweet Tomatoes are a big hit every year, and children love them! We didn't forget about children this year on April 23rd and joined the celebrations via our Instagram account and YouTube channels.

MasterChef Turkey, the cooking competition with a huge audience, used Tat tomato paste and tomato products for the jury's evaluation. The show went great and Tat products won the jury's appreciation. The Tat Sauces product family added color and taste to another episode of the show.



Tat Bahçe Series has Launched

The company launched a new product series of tomato paste, ketchup & mayonnaise, pickles and corn, under its sub-brand, Tat Bahçe exclusively for BIM supermarkets. In addition, Tat reached about 6 million people through influencers as well as sponsored posts on Instagram to promote Tat Hasat Salça (Harvest Tomato Paste), also exclusively produced for BIM.



If you would like to watch the Tat Köy Salça commercial, please scan the QR code on the side. (<https://www.youtube.com/watch?v=0sXIOUSihXE>)

Exports

With exports to 40 countries, Tat Gıda brings the same natural taste and quality to consumers around the world as it does in Turkey with care and great discipline, and in accordance with international standards.

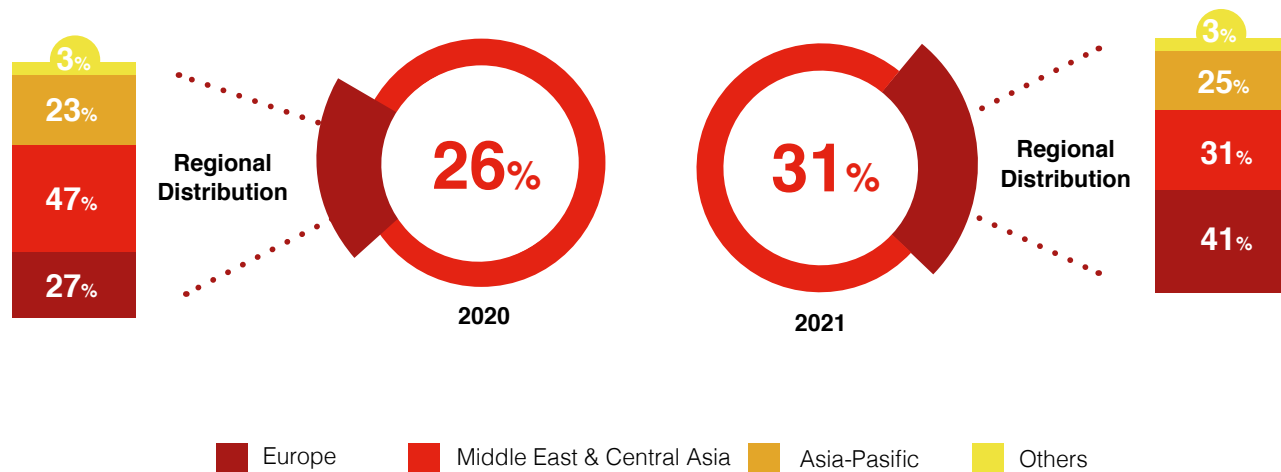
Tat Gıda continues to expand its domestic success to the international market. Especially during the pandemic, as food safety has come to the forefront, Tat Gıda' safe and healthy production has helped it grow and spread worldwide. This growth is also supported by a secure supply chain, products that do not compromise on taste and quality, and innovative technologies.

A major player in the Japanese, German, Iraqi and Bulgarian markets, Tat exports its products to 40 countries from Japan to the United States.

In 2021, Tat Gıda's total exports increased by 61% compared to the previous year, growing to TL 341 million.

Tat focuses on ethnic markets in Europe and the Arabian Peninsula especially, and delivers its wide range of products to consumers in these geographies by micro distribution. The company continued to grow in 2021 by focusing on the European markets. It changed distributors in Iraq, one of its strategic markets, and plans to expand its distribution network and reach more consumers.

Exports Share in Total Sales and Breakdown of Exports



A Year of Active Communication in International Markets

In April 2021, Tat Gıda established its International Marketing Department which first focused on communication activities with target markets, and followed this by conducting market research to better analyze the focus markets and determine strategies.

In 2021, a domestic re-launch was performed to adapt and renew all Tat branded packages to foreign countries. The application of new labels and packaging designs in all focus markets continues.

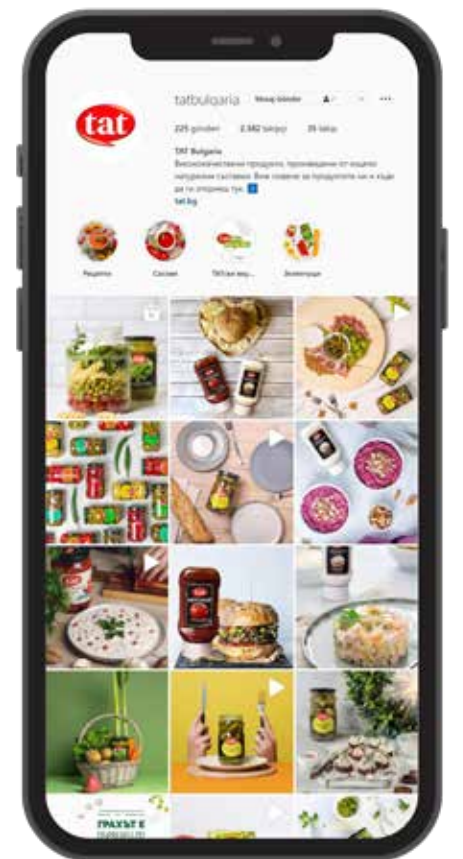
In Germany in November 2021, TV advertising started with the Tat New Tomato Paste commercial on Ethnic and Euro channels.

In November 2021, Tat Tomato Paste Commercials started in Iraq. During the same year, Tat made two field and dealership visits to Iraq to train the dealership product promotion team in Tat Branded Product Information and a tasting event was held.

In December, a cooking show sponsored by Tat with a well-known, recognized Iraqi presenter started broadcasting on the Northern Region channel.

Facebook and Instagram communication continued in Iraq without interruption.

In Bulgaria, our Facebook and Instagram communication efforts were continuous. We also cooperated with the most recognized influencers in the country.



Major Developments in FY2021

In recent years, Tat has reshaped its portfolio and increased its investments in its core area and "Tat" brand.

Sale of Milk and Dairy Products Business Unit

With the initial public announcement made on January 6, 2021, Tat Gıda's Board of Directors announced the decision to focus on the tomato paste and canned products business line, which is the main field of activity and has a higher share in total profitability, and to sell the production facilities of the milk and dairy products business line and all other related assets and liabilities. The sale process was completed on March 12, 2021.

Revitalized Core Operations with New Investments

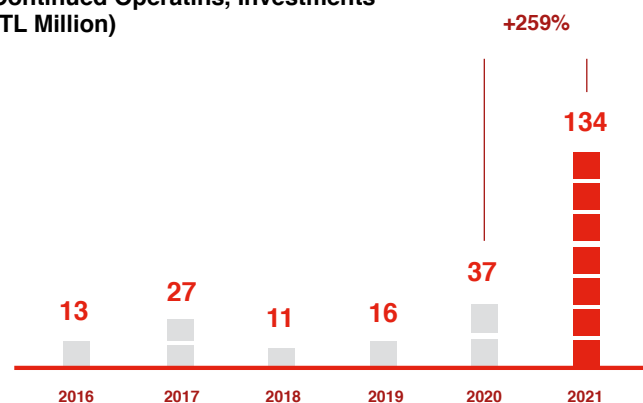
In 2021, Tat Gıda invested a total of 134,257,764 Turkish Lira to its ongoing activities, which is the tomato paste and canned products business line, within the scope of automation, renewal,

maintenance and capacity increase. The investments made in 2020, together with the investments of the discontinued operations, were 39,743,545 Turkish Liras. In line with Tat Gıda's long-term business plans and profitable growth targets with the Tat brand, following investments took place and finalized in third quarter of 2021;

- With new tomato paste line at Karacabey/Bursa plant; annual total tomato paste capacity of Tat increased from 71 thousand tons to 85 thousand tons and;
- Pickle capacity at Mustafakemalpaşa/Bursa, plant increased from 5 thousand tons to 22 thousand tons

Tat Gıda's investments on Continued Operations between 2016 - 2021 years are as follows:

Continued Operations, Investments (TL Million)



Note 15 of the Financial Statements for the year ended 31 December 2021

Government Incentives

There are government incentives that allow Tat Gıda to pay reduced corporate tax for its various investments. The details of these investments are provided Notes to the Financial Statements for the year ended 31 December 2021 under Note 26 – Tax Assets and Liabilities/Income withholding tax under.

Research and Development

With the approval given by the Ministry of Science, Industry and Technology as of October 6, 2017, the R&D Center of the Company started its activities in a way to benefit from incentives and exemptions under the scope of No. 5746. The company spent 2,422,740 Turkish Lira on R&D activities in 2021 (2020: 2,096,175 TL)

Production and Sales

Turkey, with 2.2 mn tons of tomato processing in 2021, ranks 5th after the USA, China, Italy and Spain; and represents 6% of the 39 mn tons of global tomato processing amount.

Tat Gıda, with a total of 503 thousand tomatoes processed in 2021 at its Bursa/Mustafakemalpaşa, Bursa/Karacabey and Izmir/Torbalı plants, took 23% stake in Turkey's tomato processing industry (2020: 15%).

With its daily tomato processing capacity, Tat ranks 10th among global producers.

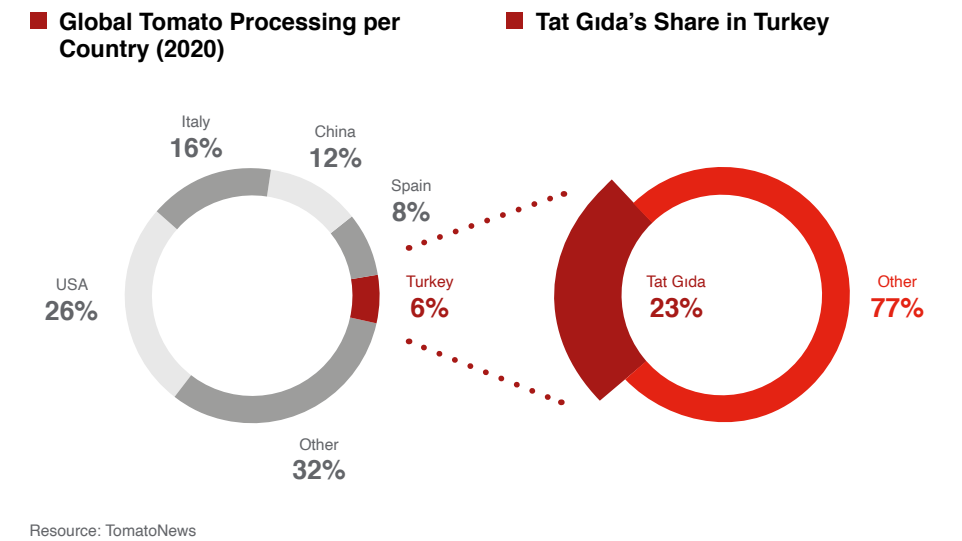
Tat Gıda's total production reached 132,019 tons in 2021 compared to 105,773 tons in 2020.

Production (tons):	2021	2020	Change yoy
Tomato paste & Tomato products	89,159	74,217	20%
Pickles	13,160	4,141	218%
Ketchup & Mayonnaise	17,994	14,334	26%
Other Canned Products	11,706	13,082	-11%
Total	132,019	105,773	25%

Tat Gıda's net sales in its ongoing Tomato Paste and Canned Food business line, was 1,091,763,568 Turkish Liras, 36 percent higher than the previous year. The sales volume, on the other hand, reached 108 thousand tons, 18 percent more than last year.

Net Sales (TL mn) & Sales Volume (000 tons)	2021		2020		Change yoy %	
	TL mn	000 Tons	TL mn	000 Tons	TL mn	000 Tons
Tomato Paste and Canned Food	1,092	108	803	92	36	18
Total	1,092	108	803	92	36	18

Tat Gıda's domestic success carried over to the international market. In 2021, its (net) domestic sales reached 751,081,410 Turkish Lira, increasing 27% compared to the same period last year, with (net) export sales of 340,682,158 Turkish Lira with an increase of 61%, bringing the share of exports to 31% of its total sales in 2021 (2020: 26%).



SUSTAINABILITY



Sustainability Strategy

Tat Gıda’s dedication to its sustainability efforts to meet the common global goal of creating a more livable world and a more inclusive economic and social structure continues.

Sustainability Approach

Tat Gıda has recently boosted its sustainability performance. Koç Holding, our group leader, whose sustainability performance is lauded around the world, has approached contemporary sustainability needs with the slogan “To the Future. Together” and we have created an original model to comply.

Tat Gıda approaches sustainability using a model compatible with the United Nations Sustainable Development Goals and the World Economic Forum’s stakeholder capitalism metrics in four main headings. We continue to work on our policies and strategies, and aim to complete the roadmap in 2022.

In addition to the following framework texts, Tat Gıda’s sustainability model is designed to meet the key success indicators of the sector-specific ESGs (environmental, social, and governance fields) in line with the scientifically based objectives of the United Nations Framework Convention on Climate Change.

We can examine the sustainability model that Tat Gıda has implemented under four main headings in detail: governance principles, relations with the world, the nature of business life, and contribution to increased social well-being.

Our Roots Values.

Tat Gıda aims to provide healthy, reliable, and accessible products that add value to humanity.

Tat Gıda works to be a reliable global brand with its governance approach that puts quality at the center of every process, its commitment to its founding values, its principles to establish ethical collaborations with all its stakeholders, and its ability to analyze future risks and opportunities.

Our Soil The World.

Tat Gıda is well aware that humanity’s existence depends on a healthy world.

One of our core principles is that all our operations, from farm to fork, protect our soil, water, and air, while supporting the preservation of the world through digital agricultural practices.

Our Effort Humanity.

Tat Gıda is an organization that respects the labor of all its employees, engineers, managers, and farmers it works with.

Tat Gıda attaches the utmost importance to the equality and diversity of all stakeholders in an environment free from discrimination, and respects the contribution of all stakeholders to decision-making processes in order to create a more livable world.

What We Share Society.

Tat Gıda has adopted the principle of “sharing its values, land, and labor with all its stakeholders, making sure that all its products are accessible”.

In addition, Tat seeks to enrich society in every region it operates in and to help them get ready for the future through development activities which the company continues without interruption.

Sustainability Headings

The slogan “**Our Roots. Our Values**” covers the governance principles heading, which details the understanding and practices of Tat Gıda with the main message that “Tat Gıda aims to provide healthy, reliable, and accessible products that add value to humanity”. Accordingly, Tat Gıda works to be a reliable global brand with its governance approach that puts quality at the center of every process, its commitment to its founding values, its principles to establish ethical collaborations with all its stakeholders, and its ability to analyze future risks and opportunities.

The slogan “**Our Soil. The World**” covers the Tat Gıda heading regarding its efforts to regulate all its activities in a way that is compatible with the world and to increase corporate resistance to climate change. Tat Gıda is well aware that humanity’s existence depends on a healthy world, and it is sensitive to how its performance affects the bigger picture. One of our core principles is that all our operations, from farm to fork, protect our soil, water, and air, while supporting the preservation of the world through digital agricultural practices.

The slogan “**Our Effort. Humanity**” covers the business of Tat Gıda, the value it bestows on all stakeholders, and the value it receives in return. Tat Gıda is an organization that respects the labor of all its employees, engineers, managers, and farmers it works with. Tat Gıda attaches the utmost importance to the equality and diversity of all stakeholders in an environment free from discrimination, and respects the contribution of all stakeholders to decision-making processes in order to create a more livable world.

The slogan “**What We Share, Society**” covers the final heading of Tat Gıda, detailing its performance towards contributing and respecting society, since the day it was founded. Tat Gıda has adopted the principle of “sharing its values, land, and labor with all its stakeholders, making sure that all its products are accessible”. In addition, Tat seeks to enrich society in every region it operates in and to help them get ready for the future through research and development activities which the company continues without interruption.

Sustainability Management

Tat Gıda has determined its sustainability priorities with the participation of all stakeholders, and its experts have analyzed the compatibility of these priorities with the common global goal.

Tat Gıda’s sustainability management is leading the transformation of its prioritized policies into strategic decisions and the creation of a roadmap linked to this strategy. In addition, based on this roadmap and key success indicators, we will transform our performance and rapidly spread new best practices throughout the company. The Tat Gıda Sustainability Committee has provided the highest level of supervision and representation at all levels, and it monitors and maintains sustainability performance across all headings, keeps them consistent, and makes any necessary adjustments as needed.

The Tat Gıda Sustainability Committee ensures that the company’s performance complies with the ESG indicators and metrics and global frameworks. Moreover, work to comply with the TCFD (Task Force on Climate-

related Financial Disclosures) is ongoing. The Committee aims to ensure compliance with all general and sectoral frameworks, standards, and criteria by 2022.

Tat Gıda’s sustainability model is designed to meet the key success indicators of the sector-specific ESGs in line with the scientifically based objectives of the United Nations Framework Convention on Climate Change.

Compliance Program

Tat Gıda has adopted the principle of being transparent, fair, and accountable in its relations with all its stakeholders. The company's operations comply with relevant legislations and contractual obligations, and it acts within the framework of its "Ethical Principles". To demonstrate Tat Gıda' commitment to compliance with legal regulations, internal policies, good corporate governance practices, ethical rules, and the principles of the Koç Group Compliance Policy, we have created and started to apply the Tat Gıda Compliance Policy.

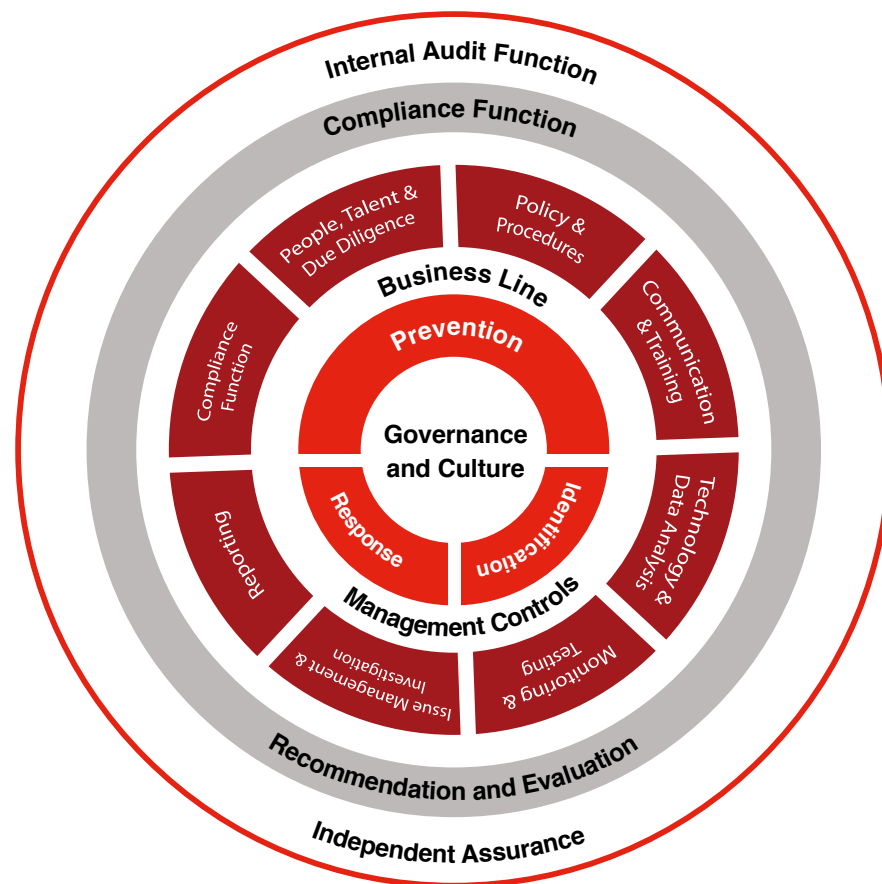
The Compliance Program is a set of rules, policies, and procedures aimed at identifying and managing compliance-related issues at Tat Gıda using a risk-based approach. The Tat Gıda Ethical Principles updated as part of the Compliance Program, aim to guide all Tat Gıda employees and business partners. Compliance with the Tat Gıda Ethical Principles is the duty of all Tat Gıda employees, and Tat Gıda's senior management shows leadership in this regard.

The main components of the Tat Gıda Compliance Program are as follows:

- Prevention
- Identification
- Response

The image below shows the components and composition of the Compliance Program. The Tat Gıda Ethical Principles provide a comprehensive framework for Tat Gıda employees and stakeholders, especially on issues such as human rights, combating bribery and corruption, preventing conflicts of interest, economic sanctions, protecting privacy and internal information, and occupational health and safety.

As part of the Compliance Program, many policies have been developed, including Sanctions and Export Controls, Anti-Corruption and Anti-Bribery, Supply Chain, Human Rights, Personal Data Protection, and Donations and Sponsorship. For details regarding the Tat Gıda Ethical Principles and the organization of compliance issues, our Compliance Policy and other supportive policies are posted on the Tat Gıda website.



Occupational Health and Safety

Tat Gıda takes every measure possible to provide employees with safe workplaces and work processes, so that they can work efficiently.



Tat Gıda is aware that the first condition for providing its employees with a work environment in which they can work efficiently and where employee satisfaction is kept at a high level is to ensure occupational health and safety. The basis of the occupational health and safety approach is to provide a safe work environment and to minimize possible occupational health risks. Tat Gıda treats occupational health and safety with a holistic approach, and extends this integrated understanding to all its plants.

As part of its occupational health and safety efforts, the company started work to qualify for the ISO 45001: 2018 OHS Management System in all its plants in December 2021.

All plants employ full time occupational safety specialists and workplace physicians, all processes are closely monitored, and any necessary interventions are made instantly. A total of 4 Occupational Health and Safety (OHS) Boards operate in the workplaces. 21% of the 37 OHS Board members are employee representatives. The Human Resources Director reports directly to the General

Manager as the person most responsible for occupational health and safety.

Tat provides training to increase its employees' knowledge of occupational health and safety, and organizes campaigns to raise awareness and reward good ideas. In 2021, all employees at Tat Gıda received an average of 4 hours of OHS revision training.

Tat Gıda has taken the highest level of measures in the COVID-19 pandemic that has affected the world, and was the first company to receive the TSE COVID-19 Safe Production Certificate. Tat successfully completed an audit by TÜVSÜD (Technische Überwachungs-Verein/Technical Inspection Authority) that reviewed changing COVID-19 processes. The company also provided an average of 1 hour of COVID-19 training to its employees in December.

Tat Gıda aims to increase the knowledge and awareness of occupational health and safety issues in the subcontracting companies it works with. There were no fatal occupational accidents or occupational diseases at Tat Gıda or its subcontracting companies in 2021.

Tat Gıda Employees	2019	2020	2021
Occupational Disease Frequency (OIFR)	0	0	0
Lost Time Injury Frequency Rate	0.75	0.69	0.39
Accident Frequency Rate	75.13	70.03	82.40
OHS Training Time (employee*hour)	1,465	7,189	21,492
Fatal Accidents	0	0	0

Human Resources

Tat Gıda prioritizes health and works according to its motto: 'Our human resources are our most important capital.' Based on this approach, it transformed its work culture in 2021 and had an efficient year, transferring all its applications online.

In 2021, Tat Gıda worked long and hard to launch new systems and procedures to more effectively manage human resources and sustainably compete in the future, operating with the motto, "The Core of our Business is People". Based on this, Tat Gıda manages all systems and procedures related to human resources management in an integrated manner.

TALENT MANAGEMENT

Attracting Talent

Businesses operating in different regions in the field of food sector embrace diverse cultures. They care about providing equal opportunities during the recruitment processes and do not discriminate. They do not discriminate based on gender, religious belief, language, race, ethnicity, age, disability, refugee status, etc. and endeavor to ensure a balanced workforce, improve work standards, and promote women's employment and inclusiveness while keeping their supply and value chains in mind. To transform this diversity of culture and inclusiveness into power,

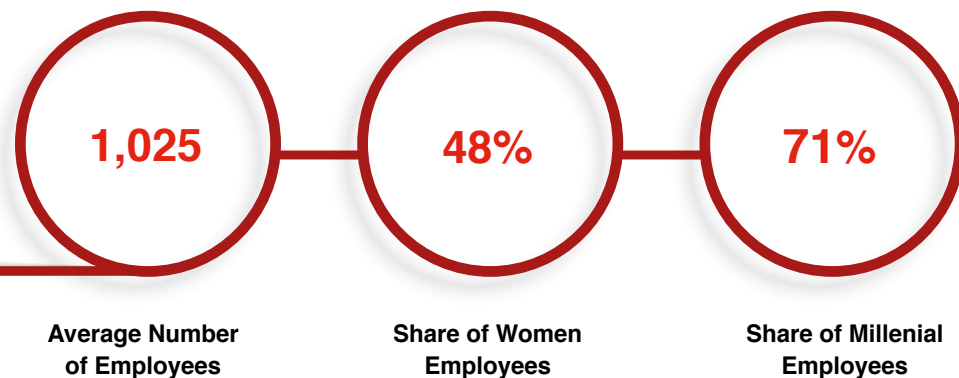


they focus on various joint projects. In this way, even if an employee starts a job in one position, they will have the opportunity to develop themselves in other areas through rotations and projects.

To this end, Tat Gıda follows a talent-based recruitment process to ensure a bright future, recruiting people with the talents necessary and making sure they develop themselves quickly so they can contribute to the business as soon as possible. Following their application, HR invites suitable candidates to an interview, using different measurement tools to assess candidates' eligibility for



STRONGER TOGETHER



vacant positions. One of Tat Gıda' basic principles is to respond to all applications, whether the result is negative or positive. If two candidates (one female and one male) remain equal after all recruitment evaluations, the company recruits the female candidate to encourage women's participation in work life.

Tat Gıda actively uses the internal announcement system, Koç - My Career, used by all Koç Group companies. Vacant positions are first announced on Koç - My Career, and employees from all Koç Group companies, not only Tat Gıda, can apply if they have the necessary qualifications. This system enables employees to develop their careers not only within their current company, but also with any company in the Group.

Performance and Career Management

All Tat Gıda goals are communicated to all employees starting from senior management down through the Performance Management System. This system helps employees adopt company goals and work in a success-oriented culture throughout the year. In addition, the Koç Dialogue system records all senior management and employee goals. All employees and senior managers can see others' goals on the system. Managers and employees meet five times a year for an evaluation. Managers share performance evaluations with their employees at the end of each year to reflect on business results.

To identify employees with leadership competencies that will provide Koç Group with competitive advantages, as well as to support their careers, we apply talent & succession management procedures. We offer various development programs to employees with potential leadership skills, and we continuously follow their individual development plans.

Organizational Development

Tat Gıda launched its Future Fit project to ensure that its experienced organization could adapt to the changing world, prepare it for the future, improve processes through automation and digitalization, and make the organization leaner and more efficient. With this project, Tat Gıda aims to develop talent and skills through agile transformation activities prioritizing customer focus to increase business motivation and thus, to create a winning team culture.

Talent Development

We have individual, functional, and corporate training and development programs for all employees as part of our development management approach, which aims to develop employees' talents and continuously increase their technical knowledge levels. Tat goes beyond training programs for development, considering also on-the-job learning activities, projects, and rotations as part of the development management approach. Moreover, all employees can make their own development plans both from home and from their workplace with the different learning resources available at the "Koç Academy" on the Koç Group intranet portal.

Commitment, Recognition and Rewards

To understand employee opinions and measure their commitment and satisfaction, we conduct employee engagement surveys every year. We



analyze survey results, determine action plans, and implement them throughout the year.

We use various reward systems to recognize employees' achievements, appreciate them as they happen, and share their happiness with rewards. Every year, we choose the projects that perform the best and reward these achievements. Tat Gıda's reward system covers all its employees and aims to recognize their achievements based on common values and qualifications, to increase in-house solidarity, and to support continuous improvement by sharing best practices. In addition, Tat Gıda holds a "Service Year Awards Ceremony" every year to recognize the achievements of long-time employees.

In 2021, 25 employees were rewarded with spot bonuses (for excellent performance) and 19 employees were rewarded with ZBB (Zero Based Budgets).

Training and Development Activities Continued

Training and development are important for Tat Gıda's corporate agenda. In 2021, the company prioritized leadership, agility, digital transformation, and in-house entrepreneurship, technical and Lean 6 Sigma training programs again.



In 2021:

- We provided office staff with 11,234 hours of outsourced training, which worked out to 27 hours per person. The training satisfaction rate was 4.8 out of 5.
- We provided field workers, a total of 355 hours of training. The training hours per person were 1.31.

Online Internship Opportunity during the Pandemic Period

Our Long-Term Internship Talent Program launched its “Talent Factory” brand with the slogan “We’re Producing the Future” to bring talented new graduates to Tat Gıda, to train employees with high performance and potential within the company for the future, to have a succession plan for future positions at Tat, and to increase awareness by introducing Tat Gıda to younger generations. Our long-term internship program continued during the pandemic period as well, with 31 long-term interns currently on the job. In addition, we provided online internship opportunities for university students for whom it is compulsory. 24 short-term interns completed their compulsory internships at our company in August and September.

47.90% of Employees Are Women

In 2021, the ratio of female employees at Tat Gıda was 47.90%.

The Right to Unionize & Occupational Health and Safety

Tat Gıda respects its employees’ right to unionize. It aims to ensure peace in the workplace by complying with the laws and requirements of collective agreements within the framework of the trust-based relationship established with

Equal Opportunities and Diversity

- Tat Gıda evaluates employees using objective criteria and a management approach that eliminates any and all kinds of discrimination and prejudice. We also pay attention to offering equal opportunity to employees at all levels.
- In 2015, Koç Holding signed the Equality at Work Act to ensure equality at all levels of the group. Later, 30 Group Companies including Koç Holding signed the UN Women’s Empowerment Principles (WEPs). Koç Holding is one of 10 Impact Leaders of the HeForShe movement run by UN Women and continues to actively offer support to increase women’s employment.
- Tat Gıda supports the “HeForShe” initiative supported by the Koç Group globally, which aims to create gender-sensitive work environments where women employees can find more training and development opportunities, advance their careers, and benefit from equal opportunities. In order to raise all employees’ awareness of this, Tat organizes gender sensitivity training.

the trade union and employees. Tat Gıda cares about the health and safety of its employees, and it complies with legal regulations in accordance with the employee health and occupational safety policy and supports employees in this field. The unionization rate at Tat Gıda ise 77%.

Our Ethical Approach

We have updated our “Rules of Ethical Behavior and Applied Principles” in accordance with the Compliance Program. Our Ethics Committee oversees the sound Implementation of our rules of ethics and consists of the General Manager, the Deputy General Manager, the Human Resources Director, the Legal Advisor, and the Director of Employee Relations and Joint Services. Tat Gıda implemented the Notification Policy as part of the

Compliance Program to support the culture of “open communication” and “accountability” and prevent any unethical or illegal actions. Employees who have witnessed any illegal activity or unethical incident, directly or indirectly, have legal knowledge about, or suspect any such situation are expected to voice their concerns, and all stakeholders are encouraged to do so. Our Ethics Hotline is accessible to the entire Koç Community 24/7, and is managed by independent service providers.

Ethics and Compliance

Tat Gıda follows a transparent management approach, abiding by fundamental human rights and ethical values in its business processes.

Tat Gıda has adopted the principle



that all Koç Group employees and managers are integral parts of the Koç Group Ethical Principles. We fully comply with these Ethical Principles.

Inspired by our founder, Vehbi Koç’s words that “It is our principle to act with good faith and understanding, to always comply with laws and moral codes in order to ensure fair and mutual benefit in all our relations,” Tat Gıda has gathered the principles guiding its business model under its “Rules of Ethical Behavior and Applied Principles” to share with all stakeholders. The ‘Rules of Ethical Behavior and Applied Principles’ includes measures to fight against bribery and corruption, prevent conflicts of interest, economic sanctions, protect privacy and internal information, and occupational health and safety. It is provided to all employees, as well as being accessible by all our employees and stakeholders on our intranet and website. As part of the orientation process, new Tat Gıda employees first learn the Rules of Ethical Behavior and Applied Principles, including the fight against corruption and bribery. As part of the Compliance Program, the Law and Compliance Unit can report to the Board of Directors through the Risk Management Committee. In addition, we established a Compliance Committee consisting of a Legal Adviser, the Human Resources Director, and the Deputy General Manager for Financial Affairs, as well

as other Deputy General Managers or Directors, as necessary.

Combating Bribery and Corruption

In accordance with our ethical approach, we created our Anti-Bribery and Anti-Corruption Policy as a reflection of Tat Gıda’ commitment to fighting them, adopting all the principles listed in the UN Global Compact, including the principle of “being against all types of corruption”. Our Anti-Bribery and Anti-Corruption Policy is accessible on the Tat Gıda website. Violations of this policy can directly lead to termination of both employee and business partner contracts.

Protection of Personal Data and Data Security

Tat Gıda has defined its principles regarding the Personal Data Protection and Processing Policy, and has shared these principles with the public following the approval by the senior management. We also implement the Tat Gıda Personal Data Protection Policy as part of the Compliance Program, in addition to the basic principles regarding the confidentiality of data.

We ensure that our company processes our clients’ data in compliance with the principles of the law, honesty and transparency.

To protect personal data, all technological infrastructure investments and applications have been designed and completed, and we regularly conduct audits regarding protected data and the functional processes.

Sustainable Social Investments

Effective and scalable social investments are crucial for

implementing the Koç Group’s main sustainability strategy “To the future. Together”. For this reason, we have prepared the Tat Gıda Social Investment Policy to develop social investments according to common principles that:

- are compatible with the priorities and needs of the regions where we have commercial operations, and are related to our business strategies,
- enable strong cooperation with non-governmental organizations, international organizations, universities, and individuals for applicable solutions,
- have the potential to produce measurable and scalable results and are capable of disseminating these results to other organizations and regions,
- contribute to the social and environmental goals as stated in the UN SDGs.



Human Rights and a Fair Working Environment

Tat Gıda has defined its human resources policy, focusing on an employee-centered approach based on its slogan "The Core of our Business is People". We offer employees a work environment where they can feel happy and safe thanks to development programs, in-house training, social events, and vested benefits.

With the Tat Gıda Human Rights Policy established in line with the Compliance Program, Tat Gıda endorses the same attitude with global ethical principles in matters such as recruitment, promotion, career development, wages, fringe benefits and diversity, and respects its employees freedom of association and collective bargaining, does not tolerate forced labor, child labor, discrimination and harassment of any kind.

We based our company personnel regulations on the Rules of Ethical Behavior written according to Koç Group's principles and corporate culture. While providing our colleagues with a safe and peaceful work environment, we primarily focus on

respect for fundamental human rights and continuous improvement. Tat Gıda offers its employees a free space where they can improve themselves thanks to a fair remuneration and talent management policy as well as gender equality.

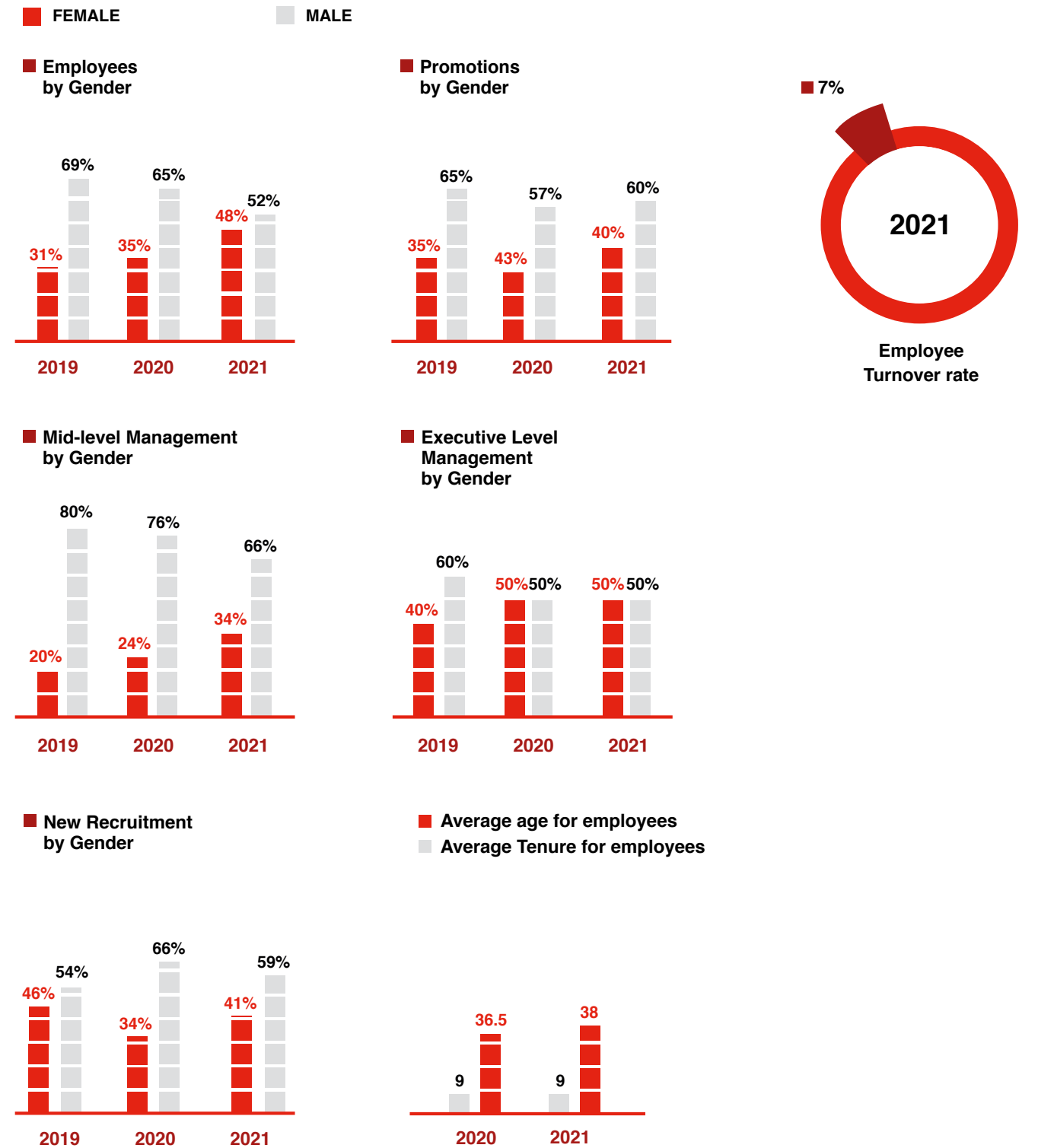
Our company also complies with the Equality at Work Act, the most comprehensive initiative created to reduce gender inequalities, which our parent company Koç Group signed in 2013. We continue to develop new applications to fulfill our commitments given in the act.

In addition, we have adopted Koç Group's approach shaped by the UN Universal Declaration of Human Rights and ILO Declaration on Fundamental Principles and Rights at Work. We follow and comply with policies regarding diversity, the prevention of discrimination, zero tolerance for child labor and forced labor, freedom of trade union associations and collective bargaining, health and safety, zero tolerance for harassment and violence, work hours and fees, personal development, data privacy, and political activities.

Supply Chain Sustainability

Tat Gıda strives to provide the best service to its customers, develops customer policies and adopts the principle of responding to all kinds of requests and complaints. Tat Gıda' Ethical Principles guide its business partners. Also, it has drawn a general framework on human rights, occupational health and safety, environmental and ethical issues with the Supply Chain Policy. By encouraging business associations, Tat Gıda supports business partners, suppliers, dealers and contractors to improve their production quality, raise their awareness about the environment and human rights, and establish a strong company culture based on business ethics.

Employee Number end of December	2019	2020	2021	Average Number of Employees	2019	2020	2021
Women	191	204	212	Women	330	374	491
Men	632	645	441	Men	731	710	534
Total	823	849	653	Total	1,061	1,084	1,025



Digital Agriculture

As one of Turkey’s leading food companies, Tat Gıda is a pioneer in agricultural digitalization and its modern applications.

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. Tat Gıda, on the other hand, has adopted agricultural digitalization as one of its strategic priorities, and its pioneering “digital agriculture” practices make it stand out in industrial tomato farming. Tat Gıda implements many different digital solutions from data collection to interpretation, and from mechanization to remote monitoring, first through pilot projects and then by spreading these efforts across all its operations. The company has established the technological infrastructure necessary and a tracking system to build a relationship between cropland data and crop performance

using digital technologies. In addition, it has implemented solutions to increase communication with farmers and support their development.

To date, Tat Gıda has invested more than 7,5 million TL in digital agricultural technologies, and it has no plans to slow down its investments in the coming years, with large-scale data collection, decision support systems, and mechanization as its priority investment areas.

Tat Gıda’ efforts to improve tomato farming have been ongoing since 1967, and it continues to support farmers by using cutting-edge technologies in tomato farming supported by its team of 10 agricultural engineers, 10 agricultural technicians, and other agricultural specialists.



2,500 Decare Digital Agricultural Field

In 2018, Tat Gıda started farming its tomatoes using the concept of the “Digital Agricultural Field” to apply and disseminate digital technologies in agriculture, pioneering new developments in industrial tomato

farming. In 2019 and 2020, the company extended its use of digital farming solutions to almost 2100 decares, and further to 2,500 decares in 2021.

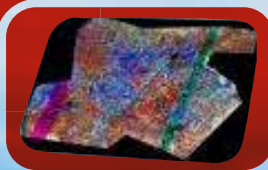
Following the adoption of this concept farming operation, the digital solutions and good agricultural practices led

by Tat Digital Agricultural Fields have increased the average yield from 7-8 tons per decare to 10-11 tons. In addition, cultivation costs per 1 ton of tomatoes was 25% lower than average in the region.

Digital Agriculture

With remote systems;

- Identify cultivation areas for tomatoes
- Harvest tracking and projections
- Estimate harvest tonnages



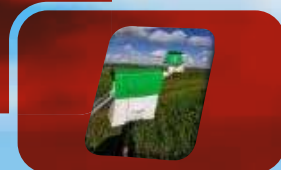
With digital soil analysis;

- Soil analysis in 5 minutes
- Unlimited analysis
- Fast and effective fertilization recommendations



With digital pheromone trap systems;

- Monitoring tomato pests
- Proactive plant protection



With field sensors;

- Remote monitoring of temperature, humidity and conductivity values
- Determination of irrigation needs



With digital platforms;

- Field development tracking
- Consultancy support
- Communication and news
- Basic level analysis



With satellite and drone;

- Plant health observation
- Detailed analysis of field development
- Fertilization, irrigation and plant conservation applications



With early warning systems;

- Regional plant diseases analysis
- Proactive plant protection



With automatic steering system;

- Effective field usage





As Always, Side by Side with Farmers on Digital Field Day

Tat Gıda has set aside a day to celebrate the establishment of the ecosystem that led to the digital transformation of industrial tomato farming: "Tat Digital Field Day" has become a tradition, and was celebrated for the fourth time in July 2021. Due to the pandemic, a limited number of participants were invited, yet the event attracted great attention from both solution partners and farmers. On Digital Field Day, Tat Gıda and its solution partners shared their current digital agriculture solutions.

Expert companies in the field informed farmers of solutions and technologies such as field control and disinfection

by drone, satellite tracking of phytosanitation and image processing technologies, smart irrigation techniques, automatic steering systems, agricultural climate and early warning stations, digital soil analysis devices, field sensors, a hoeing machine with autonomous steering, pest tracking using camera pheromone traps, and using satellites to identify tomato cultivation areas and estimate yields. In addition, farmers were provided with information and guidance on good agricultural practices, nature conservation, environmental risks, and sustainable farming.

Tat Gıda will continue its investments in digital agricultural technologies in the coming years. The majority of these investments will be in automatic field

data collection, and yield and quality analysis of this data. The company plans investments that will digitally reconstruct all business processes.

DIGITAL AGRICULTURE PROGRAM PROJECTS

Satellite Imaging:

Satellite images are used to track tomato growth and health, and farmers with fields of 25 decares and more can use this data to help guide them. There are also projects to analyze individual fields' soil structure, temperature, humidity, air and land conductivity, and establish cause-and-effect relationships among this data. The satellite imaging system uses the NDVI algorithm to analyze the growth of plants in fields. Periodic

imaging allows constant phytosanitary analysis thanks to a software that interprets the data and provides color coded field images that guide farmers. In 2021, 167 fields (9,864 decares) were monitored by the satellite imaging and image processing technology.

Irrigation Suggestion System through NDWI Analysis:

74% of the water used in Turkey is used for agricultural irrigation. Approximately 65% of the irrigated areas throughout Turkey are irrigated using surface irrigation methods (flooding, long pan, ordinary pan, and row irrigation), and 35% are irrigated using pressurized irrigation methods (drip and sprinkler irrigation), with drip irrigation at about 15-20%. Tat's drip irrigation system works effectively while providing significant water savings. In addition, climate stations and satellite images track air and soil moisture to help schedule irrigation.

Drone Imaging:

On large parcels where manual tracking is difficult, plant development can be tracked using drone images. Drones offer the opportunity to check large areas faster using agricultural observation cameras, and imaging and processing technologies generate data on plant development levels which helps plan for local spraying in the future in risk areas, also performed by a drone.

Agricultural Climate Stations and Early Warning Systems:

Tat Gıda's 4 agricultural climate stations can predict local weather and analyze the risk of plant diseases that will affect tomato development, and it also analyzes the data received from these stations to inform farmers about plant disease risks via the "Tat Leader Farmer" mobile app.



Digital Field Day

Digital Pheromone Trap Systems:

This system monitors tomato pests and remotely analyzes changes in their population by placing biological pheromones in certain field areas that secrete an odor that attracts and traps field pests and displays their number using automatic camera systems. There are plans to install more digital pheromone traps across the region to provide remote monitoring of pest populations in larger areas.

Soil Analysis:

Digital soil analysis devices can analyze soil directly in the field, reducing a process that used to take weeks to 10 minutes. These devices can measure 9 different soil structure values, and recommend the most suitable fertilization programs that take advantage of analyses made by experienced soil engineers.

Tomato Cultivation Area Estimation and Harvest Projection:

Since 2018, Tat Gıda has been working to identify cultivation areas for industrial tomatoes and to estimate harvest tonnages using satellite images and field confirmations. Pilot projects in the Karacabey plain resulted in 75% accuracy in the first year. This accuracy rate increased to 85% in 2019 and to over 90% in 2020. Also in 2020, approximately 160,000 decares of tomato production area became trackable by adding the Karacabey

and Gediz Plains to the areas of tomato paste farming in the regions in between. Tat Gıda started to apply cultivation area identification, and harvest and yield estimation in Manisa, Balıkesir, Konya and Niğde Bor in 2021, and it aims to expand their application to tomato paste farms throughout Turkey.

Irrigation Suggestion System Run by Satellite Imaging:

To ensure that Tat Gıda's drip irrigation methods are more accurate and effective, it started a pilot study in 2020 where satellites observed 4,295 decares of fields and made highly accurate irrigation suggestions using a decision support system based on the general situation of the field. The irrigation suggestion system enables farmers to see in advance how much of a field should be irrigated, whether to expect droughts, flooding, or other conditions that might directly affect the fertility of the fields of 10 decares and more, and thus take the necessary measures.

**R&D and Innovation****Sustainability in food and agriculture became the focus of the world in 2021, and Tat Gıda also focused on these issues in its R&D activities.**

On its fourth year under the umbrella of Tat Gıda, Tat Tohum R&D Center has adopted a model of national and international cooperation to create high added value, support research and development (R&D) and innovation studies, as well as to encourage entrepreneurship and R&D activities. In addition to expanding its cooperation with universities and industry, increasing its number of joint projects, and developing innovative products, the R&D Center aims to develop products and services that will add value to consumers and make a difference for customers. The Center works to fulfill this goal by first understanding consumers' needs and expectations, and then developing and enabling innovative ideas and projects through strong partnerships.

Our R&D Center is comprised of doctors who are experts in their fields, master

engineers, researcher and technicians well versed in basic sciences, making a team of 17 who are currently running 9 projects. The R&D Center also facilitates cooperation between industry, universities, techno-parks, and start-ups. Studies by three start-ups supported by our center are ongoing with financial support by the Scientific and Technological Research Council of Turkey's Individual Young Entrepreneurs Initiative, TUBITAK BIGG. R&D Center joined in the "10x20x30" initiative with the aim of halving Food loss and waste by 2030 which is conducted under the leadership of the international platform, WRI (World Resources Institute).

R&D Center employees continue to take part in international and national congresses in 2021 and participated at 2nd International/12th National Food Engineering Congress with a presentation titled "The Role of Life Cycle Analysis in Food Production Processes."

Successfully completing and commercializing its publicly supported projects since 2010, Tat Gıda is looking to carry out another project this year and is currently focusing on the search for project partnerships and grant support on the international level.

The Tat Good Idea Platform

Companies that can act quickly, are open to change, and produce customized solutions for their customers; achieve success by using innovation and consistency to stand out from their competitors. Tat Gıda continues to improve



its infrastructure every year, turning innovation into skill and disseminating it throughout its corporate culture to ensure its continuity. The Tat Good Idea Platform collects creative and innovative ideas from everyone who wants to share, under the slogan "Everything starts with a good idea. If you have creative ideas and want to realize them, the Good Idea Platform will bring your project to life".



The 8th In-House Entrepreneurship Program

Tat Gıda holds In-House Entrepreneurship Program at least once a year, and in 2021, it completed its 8th edition. This program teaches employees how to spot opportunities, identify problems, and produce ideas to solve them, as well as how to turn those ideas into practice. By sharing the work methods they've learned, entrepreneurs can quickly perform many assumption tests and make decisions with limited time and resources. Thanks to these practices, Tat Gıda employees learn how to turn ideas into projects, and how well-analyzed customer needs and problems lead teams to success through experimentation.

In this year's acceleration program, teams developed solutions to customer needs/problems in the identified focus areas using the Design Thinking method and created a value proposition. They verified their solutions through online customer interviews and positioned these ideas in the market after maturing them through market analysis and competition tests. They also created a website and used social media ads to test customers' interest in their solutions. Thanks to their feasibility studies, they evaluated their projects to mature their ideas.

To develop their projects and test them in more detail, teams presented their ideas to the Innovation Committee to call for investments.

Open Innovation Approach Modeling Studies Launched

Tat Gıda is committed not only to in-house entrepreneurial work, but also to open innovation activities. To that end, Tat Gıda continues to identify new focus areas, taking into account trends and technological developments that may have direct or indirect impacts on future fields of activity. Interacting with start-ups from Turkey and around the world to support development in these focus areas, Tat Gıda conducts studies on potential business partnerships and on how to maintain these partnerships with mutual benefits.

Based on these focus areas, Tat Gıda prepared an ecosystem cooperation map and created a pool of potential cooperating partners. In the upcoming years, studies will continue to expand this pool using ecosystem surveys and the open innovation approach modeling studies that have been launched in 2021.



Quality

Tat Gıda's business model accepts a continuous improvement approach and ensures regular control through internal and external audits as work continues.

Since its establishment, Tat Gıda has never compromised on quality or hygiene standards in its production, and it statistically evaluates the output of all checks and analyses from all processes based on its vision of continuous improvement. Following the outbreak of the pandemic around the world, Tat performed risk assessments in all its plants and quickly took actions and measures, even before there was a single case in our country. The company ensured the adaptation of personnel and hygiene rules within the framework of measures to take against the pandemic to protect quality and food safety. A manual was prepared to describe these measures and the rules of the new normal were announced with the company strictly complying with these new rules.

At the same time, plant infrastructure improvement work continued without interruption as the most important step of the quality and food safety processes.

With Tat Gıda's acceptance of the continuous improvement approach as a business model, it uses Total Productive Management (TPM), with employees participating to ensure equipment excellence, and Lean Six Sigma methodologies that engineer employees use to address engineering problems that are difficult to solve.

As part of our Lean Six Sigma program, 43 of our employees received green belt certificates, and 2 employees received black belt certificates. Through the use of both methodologies, close to 80 major projects were carried out in Tat plants in 2021. At the same time, 11,200 small proposals were produced with all employees participating and 220 small projects were actualized.



Value to Nature and Wildlife

Since its establishment, Tat has paid attention to the reforestation and landscaping of its plants and tried to create an aesthetic and ergonomic environment. A 25-decare grove area was planted around the Tat Gıda plant in Bursa, Mustafakemalpaşa with the support of employees. This land has pine, chestnut, cedar, silver spruce, fir, cypress, sycamore, ash, plum, loquat, and palm trees. The grove was expanded by adding more trees to those that were there when the plant opened.

Tat also cares about the living creatures in its plants' environs. The company developed a biodiversity project to protect the Anatolian squirrels of the genus *Sciurus Anomalus*, which live around the Mustafakemalpaşa plant, and built a "squirrel crossing bridge" and "squirrel houses" in the trees on the plant's land.

Organic Farm Fields Expanded

In 2018, Tat Gıda received the 'Organic Farming Entrepreneur Certificate' for chopped and grated tomatoes produced at its Mustafakemalpaşa plant. In 2019, it added organic tomato paste, organic pepper paste and organic ketchup to its organic product portfolio. In 2019, the chopped tomato line was relocated to the Karacabey plant. In 2021, organic peas, organic boiled chickpeas and organic boiled dried beans were added to the product portfolio at the Mustafakemalpaşa plant, expanding the organic farming product range of the plant.



Plants Registered with National and International Certificates

All Tat Gıda plants operate in accordance with the Turkish Food Code and Turkish Standards. In its exports, the specifications of foreign companies are taken into account.

International certificates also prove the quality and reliability of Tat products. Tat has earned the "Japanese Agriculture Standard (JAS)" conforming to Japanese standards in addition to TS EN ISO 9001: 2015, FSSC 22000: Version 5.1 Quality Management, Version 8 of the BRC (British Retail Consortium Standard), FDA (Food and Drug Administration) and Halal Food certificates.

In 2018, the Mustafakemalpaşa plant received the 'Organic Farming Entrepreneur Certificate' and the Karacabey plant was awarded the Kosher certificate. At the same time, Mustafakemalpaşa has earned

the Organic Product Entrepreneur Certificate, and Karacabey has earned the Kosher certificate.

Mustafakemalpaşa and Karacabey received the IFS Version 7 (International Food Standard) certificate in 2021, and BSCI (Business Social Compliance Initiative) audits were conducted.

Also, in 2021, a total of 52 quality system certification audits and customer audits were carried out at all three plants, including 30 for Mustafakemalpaşa, 14 for Karacabey and 8 for Torbalı.

Environment and Energy Management

One of the leading, pioneering companies in its sector, Tat Gıda works with an understanding and awareness of production that respects the environment and nature, as well as its stakeholders.



Tat Gıda understands the importance of using the world's resources efficiently and works accordingly. To implement sustainable agricultural practices, it carries out important studies on "Digital Agriculture". The company follows and implements cutting-edge technology to prevent wild irrigation, use human resources effectively, and increase soil fertility. Training is provided to support contract farmers in this effort and so that every worker in our production plants works with a high awareness of issues such as biodiversity and waste and water management, and takes measures to use resources with maximum efficiency. Tat's **Environmental Policy** also guides these efforts.



Clean Technologies and Sustainable Products

One of the leading, pioneering companies in its sector, Tat Gıda works with an understanding and awareness of production that respects the environment and nature, as well as its stakeholders. It has made adjustments in its production plants, investments in technological infrastructure, and introduced new standards, so that its processes do not harm the environment. Company employees and farmers are trained in both efficient resource utilization and production techniques.

Tat Gıda has earned the ISO 50001 Energy Management System Certificate, ISO 14001 Environmental Management System Certificate, ISO 14064 Greenhouse Gas Certification and TSE COVID-19 Safe Production Certificate, and it runs important studies on resource efficiency. The natural gas infrastructure necessary to calculate annual greenhouse gas emission values and take measures to reduce them has

been established in all its plants and throughout the company.

The wastewater treatment facilities in its production plants are another example of its environmentally-friendly approach, and the biological wastewater facility established at the factory in Mustafakemalpaşa district is the largest privately owned facility in the region.

According to the Water Pollution Control Regulation, environmental discharge limits apply where plants are located, and the Ministry of the Environment and reporting Provincial Environmental Directorates monitor the discharge activities of the treatment plant 24/7 via Continuous Wastewater Monitoring System Booths. In addition, the wastewater treated in all wastewater plants is analyzed and tested periodically both in the plant laboratory and in the laboratories of other accredited institutions.

The goal of digitally integrating production processes is to both increase efficiency and produce better quality

products. To ensure sustainable agriculture, we achieve effective and efficient results through various programs and digital agricultural techniques. We run several projects in the field of digital agriculture, such as automatic steering, pheromone traps, satellite monitoring of phytosanitation, soil analysis, and drip irrigation. We share our experience in these fields with our contracted farmers, and we offer them free consultancy support so that they can apply these practices on their farms.

Energy Consumption and Greenhouse Gas Emissions

As an important player in the field of agriculture, Tat Gıda acts in full awareness of the importance of sustainable agricultural practices. In this regard, the company works hard to identify measures that can be taken to reduce the risk of climate change and to prepare action plans to realize them.

The company is proactive in its work to reduce effects in this area, in accordance with the Paris Climate Agreement and the Climate Action step of the Sustainable Development Goals, decreasing its carbon emissions and developing projects to lower its energy consumption rates.

In this direction, Tat Gıda reduces carbon emissions and develops projects to reduce energy consumption. As part of this effort, greenhouse gas emissions from current operations are measured and monitored comparatively from year to year. As Tat Gıda, we are taking concrete and applicable steps within the scope of Koç Holding's 'Carbon Transition Program' to combat the climate crisis and to reach the 2050 Carbon-Neutral target.

Greenhouse Gas Emissions*	2019	2020
Scope 1 (ton CO ₂ e)	32,546	36,953
Scope 2 (ton CO ₂ e)	6,207	7,667
Total (ton CO ₂ e)	38,753	44,620
Carbon Emissions per Ton (kg/ CO ₂ e)	409	422

*Emission values for the years 2019-2020 are verified data within the scope of ISO 14064-1, ISO 14064-3, WBCSD Protocol.

Water Risk Management

Tat Gıda follows a sensitive policy to draw attention to its consumption of the natural resources used in agricultural production and to take preventive measures. Priority areas include ensuring environmental sustainability, effective use of resources, and discharging wastewater in accordance with legal limits without harming the environment.

The company has also achieved significant savings through automation systems, as well as maintenance and water optimization in its plants.

Water and Wastewater Amounts*	2018	2019	2020
Water consumption (thousand m ³)	4,006	3,935	3,877
Water consumption per ton (m ³)	15	16	15
Wastewater amount (thousand m ³)	2,302	3,530	3,551

* Total water consumption per year of production.

Waste Management

Tat Gıda cares about waste management, efficient energy use, and greenhouse gas emission reduction across its entire supply chain. We implement a policy to reduce waste in our plants and facilities by preventing its formation at the source, and we also contribute to this goal through effective recycling to reduce waste rates.

We cooperate with licensed companies to recover/obtain energy from disposal waste in plants, and take measures to reduce energy use and greenhouse gas emissions.

Packaging recycling shows how we use our resources more efficiently and is another example of our understanding of environmentally-friendly production.

Waste (ton)*	2018	2019	2020
Hazardous	14,306	22,298	21,599
Recycled	4.050	3.978	3.998
Recovered for energy	1.408,26	3.022,58	8.197,36

Zero Waste Management System

Tat Gıda contributes to the circular economy with its new Zero Waste Management System by monitoring its environmental performance with the aim of continuously improving it.

CORPORATE GOVERNANCE



Corporate Governance Disclosures

CHAPTER I

Statement of Compliance with the Corporate Governance Principles

In accordance with how important our Company considers compliance with the “Corporate Governance Principles” enacted by the Capital Markets Board (“CMB”), we fully complied with all the obligatory principles enforced by Corporate Governance Communique (the Communique) No. II-17.1 in 2021, and we also complied with a majority of the nonobligatory principles. Our goal is to comply fully with the nonobligatory Corporate Governance Principles, and we are putting maximum effort towards this end. We have not yet achieved full compliance for several reasons, such as challenges arising from the application of some of the principles, ongoing discussions concerning compliance with certain principles both in our country and internationally, and the mismatch of some principles with the structure of our Company and the market. We continue to work on the principles that have not yet been applied, and following analyses of the administrative, legal, and technical infrastructure of our Company, we will consider applying them to contribute to our efficient management.

In accordance with regulations, the main nonobligatory Corporate Governance Principles that we have not yet fully complied with are below and additional explanations are provided in the relevant parts of the annual report. Our Company is subject to no conflicts of interest due to any failure to comply fully with the nonobligatory principles.

- Pertaining to principle number 1.3.10, the general assembly includes a special

agenda item for donations and the general assembly document explains the details of the highest donation amount. In 2020, the total amount of donations was 1,765,635.93 Turkish lira, with a balance amount not detailed in the information document of 50,740.96 Turkish lira consisting of donations to various institutions and organizations not seen as important information by investors. Our investors do not follow the donations lower than this amount, and in the upcoming years, statements will continue to be provided with a lower limit that will be determined according to conditions.

- Pertaining to principle number 1.3.11, while general assembly meetings are held publicly under ordinary conditions, to protect public health in accordance with the restrictions placed on group meetings by the relevant public authority regulations as part of the measures against the pandemic, in 2021, shareholders were given preference to the general assembly meeting rooms.

- Pertaining to principle number 1.5.2, minority rights are not granted to shareholders who own less than one twentieth of the capital as per the articles of association. In parallel with general practices, minority shareholders are granted rights within the framework of the general provisions in the regulations.

- Pertaining to principle number 4.4.1, there was limited opportunity to hold physical board of directors meetings in 2021 due to the Covid-19 pandemic. Only one physical meeting was held. Other than the decisions made at the said meeting, all board decisions were made by informing members beforehand and hand delivering the necessary documents.

- Pertaining to principle number 4.4.2, there are not any set procedures, but when, information is to be presented to board members, they will be notified and briefed beforehand according to the agenda. Currently, there is no plan to prepare an internal regulation on this issue.

- Pertaining to principle number 4.4.5, our Company has held its board meetings consistently for many years, but there is no written internal regulation pertaining to this. Currently, there is no plan to prepare an internal regulation on this issue.

- Pertaining to principle number 4.4.7, Board of Directors members make significant contributions to the board due to their business and experience in the sector, so members are not restricted from assuming other duties outside the company. Our annual report includes the curriculum vital of our board members. Considering how effectively board members work, no changes are foreseen in the short term, as there is no negative impact on corporate governance.

- Pertaining to principle 4.5.5, we form committees based on board members' knowledge and experience in accordance with the relevant regulations. Some board members are assigned to multiple committees, and these members supplement communication between related committees and increase collaboration opportunities. Considering how well these committees work and take advantage of board members' knowledge and experience, no changes to the committee structure are foreseen in the near future.

- Pertaining to principle number 4.6.5, we publicly announce the payments made to our board members and administrative managers at our Ordinary General

Assembly meetings and in financial statement footnotes in parallel with general practices. This issue is important in terms of the confidentiality of personal information, but we closely follow market practices and will continue to act in parallel with common practices.

Our Company is subject to no conflicts of interest due to any failure to comply fully with the nonobligatory principles.

The 2021 Corporate Governance Compliance Report (CGCR) and Corporate Governance Information Form (CGIF) prepared in accordance with decision no. 2/49 of the CMB on 10.01.2019 and approved by our Company's Board of Directors are attached as an annex to the annual report (pages 76-89). These documents are also accessible on our Company's corporate governance page on the Public Disclosure Platform: <https://www.kap.org.tr/tr/cf/4028e4a140f2ed720140f31089aa010a>

CHAPTER II

Shareholders

2.1. Investor Relations

A unit established under the Office of the Vice General Manager of Finance and Accounting is responsible for managing relations with the shareholders of Tat Gıda Sanayi A.Ş. The Investor Relations Unit prepared the Investor Relations Report, which was approved by the Corporate Governance Committee on 15.02.2022 and presented to the Board of Directors. Contact details for the Investor Relations Unit are below:

Başak TEKİN ÖZDEN
basak.tekin@tat.com.tr

Banu ÇAMLITEPE
banu.camlitepe@tat.com.tr / Capital Market Activities License Level 3;

Corporate Governance Rating License Sertaç SEMİZ
sertac.semiz@tat.com.tr / Sermaye Capital Market Activities License Level 3; Corporate Governance Rating License

Hikmet İN
hikmet.in@tat.com.tr

Telephone: 0216 430 00 00
Fax: 0216 430 80 15

2.2. Use of Shareholders' Right to Obtain Information

Shareholders are free to exercise their right to obtain and analyze information without discrimination, and all information other than trade secrets are shared with shareholders. All questions referred to the Investor Relations Unit are responded to in writing or via phone with all existing information after consulting with the highest authority in the relevant field outside of confidential information and trade secrets. As explained in chapter 3.1 of this report, the corporate website also includes all information and details that might affect the use of shareholding rights.

2.3. General Shareholders' Meetings

The Ordinary General Shareholders' Meeting was held on March 19, 2021. The General Shareholders' Meeting Minutes are available on our website and at the Electronic General Shareholders' Meeting portal of the Central Registry Agency. In addition, shareholders can analyze these minutes at the headquarters on demand. The 2021 ordinary general assembly meeting discussed a separate agenda item on donations and grants in 2020. The Donation and Sponsorship Policy to make the upper limit of donations for 2021 0.3% (three per thousand) of the previous year's revenue was voted on and passed. An amendment to Article 6 of the Articles of Association

to extend the validity period of the registered capital ceiling, titled “Capital” also passed. Some shareholders who are managers, board members, or administrative managers, their spouses, kindred and married relations serve as board members or managers at other Koç Group companies, including those whose operations resemble our Company. In 2021, there were no significant transactions leading to conflicts of interest between said individuals and publicly traded companies or affiliates in accordance with principle number 1.3.6 of the Corporate Governance Communique.

2.4. Voting Rights

Our articles of association contain no provisions regarding the use of voting rights in our company.

2.5 Minority Rights

Although our Articles of Association contain no provision regarding minority rights, we comply with the Turkish Commercial Code and the Capital Market Boards regulations on this subject. In 2021, we did not receive any criticism or complaint regarding this issue.

2.6. Dividend Rights

Our Company has no provision for the distribution of profit. Our Company's profit distribution policy is disclosed to the public and announced to partners at the General Shareholders' Meeting. It is applied in accordance with Article 19 of the Articles of Association titled “Determination and Distribution of Profits”, which states that the Board of Directors can distribute advance dividends provided that they are authorized by the General Shareholders' Meeting, and that they abide by CMB Law and its relevant regulations. This authority granted to the Board of Directors by the General Shareholders' Meeting is limited to the year in which it is given. On 19.03.

2021, we announced our Profit Distribution Policy for 2021 to our partners at our General Assembly Meeting. A minimum of 20% of the distributable profit (calculated according to the Capital Markets Board's communiques) in cash and/or bonus would be shared as long as the relevant regulations and financial possibilities allow and our sources suffice, in accordance with our Company's long-term strategies, investment and financing policies, profitability and cash status.

2.7. Transfer of Shares

Our Articles of Association contain no practices that make it difficult for or restrict shareholders from freely transferring their shares. Capital Markets Board regulations apply for the transfer of registered Company shares traded on the stock exchange.

CHAPTER III

Public Disclosure and Transparency

3.1. The Corporate Website and its Content

We actively use our Company's website (<http://www.tatgida.com.tr>) to inform the public. Our website provides information about current and past company status in both Turkish and English. In addition, there is a special international relations section on the website to provide more comprehensive information to existing and potential investors as well as intermediaries. Our website presents investors with the information stipulated in the CMB Corporate Governance Principles.

3.2. Annual Report

Our Company's annual report provides the public with full, complete details about company activities in compliance with the provisions in the regulation.

CHAPTER IV

Stakeholders

4.1. Informing Stakeholders

Stakeholders are invited to meetings to discuss interests that concern them in the company using telecommunication tools. The Audit Committee oversees and finalizes complaints about Company accounting, reporting, internal control systems, and independent audit processes. It evaluates Company notifications to employees regarding accounting, reporting, internal control, and independent audit processes in accordance with the principle of confidentiality.

4.2. Stakeholder Participation in Management

Although there is no special mechanism for stakeholders to participate in management, our company considers their opinions and recommendations to various units in accordance with our long-term strategies. We seek the opinions of and come to a consensus with the labor union regarding work conditions, the work environment, and employee rights, making decisions together. In addition, we have an active suggestion system that all our employees use without discrimination. Although our Articles of Association and regulations have no provisions for employee participation in management, both union members and non-members are active in our company's management through various methods. We seek every colleague's opinion anonymously through our annual Employee Engagement Survey using open-ended questions. In addition, we both share information about our company with our employees and seek to understand their opinions and comments using various methods of communication. Our Company also holds annual meetings

with clients and suppliers to exchange opinions, which we benefit from and use to improve client and supplier satisfaction.

4.3. The Company's Human Resources Policy

As part of our Ethical Principles and Human Resources Policy, we identified our criteria for recruitment and our mechanism for promotion in writing. Our Human Resources processes:

- Fulfill the principles of the UN Universal Declaration on Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. We take care to respect everyone's rights.
- Treat all our employees with integrity and fairness, and undertake the responsibility to provide a safe and healthy work environment that respects human dignity without discrimination.

We pay special attention to disadvantaged groups who are most likely to suffer from human rights violations as outlined in the UN Guiding Principles on Work Life and Human Rights, and the specific circumstances of groups whose rights are further described in United Nations documents (indigenous peoples, women, ethnic, religious and linguistic minorities, children, the disabled, migrant workers and their families).

As our Ethical Principles state:

In recruitment, compatibility for the position is our only criterion with no regard for gender, language, religion, race, color, age, nationality, difference of opinion or wealth.

We reward success with fair and competitive wage policies, and an objective performance evaluation system.

- By providing equal opportunities in appointments, promotions, rotations, and rewards, we seek to increase our employees' loyalty to the company.

- All our employees are offered equal opportunities for training, orientation, and development.

- We create a transparent work environment that encourages mutual respect, where cooperation and solidarity are the most important factors.

- We provide our employees with clean, healthy, and safe work conditions.

- We respect our employees' rights to unionize and collectively bargain.

- We do not allow any form of violence or harassment.

- We do not tolerate child labor, slavery, human trafficking, or forced labor.

By adhering to these principles, we are continuously improving the skills of our human resources in order to maintain our superiority in the competitive global environment. For this purpose, we clearly define the operating procedures of our human resources systems and announce them to all employees.

The Human Resources Department communicates with all employees regarding Human Resources Strategies and Policies.

Tat Gıda respects our employees' right to unionize. The 26th Collective Agreement signed by our Company and the Tekgıda Labor Union on 11.02.2021, applicable from 01.01.2021 to 31.12.2022, is currently in force. Neither our Human Resources unit nor the Company Ethics Committee received any complaints from our employees regarding discrimination.

4.4. Ethical Rules and Social Responsibility

Our updated Ethical Principles and the Compliance Policies created within the scope of the Compliance Program follow a written standard. All employees are responsible for compliance with the Ethical Principles and Compliance Policies, including newly recruited employees, who are provided with training as part of their orientation process.

Our company supports a culture of "open communication" and "accountability" to prevent unethical or illegal actions. We expect employees who witness, directly or indirectly, any illegal activity or unethical incident, have legal knowledge of or suspicion of such a situation, to express their concerns, and we encourage all our stakeholders to do so. The Ethics Hotline, which is managed by independent service providers, 24 hours a day, 7 days a week, is available for all stakeholders to make reports.

Our company complies with all environmental legislations and regulations and seeks continuous improvement of its environmental performance in production, where it takes the measures necessary to reduce natural resource use and waste production, and to constantly monitor and protect air, water, and soil properties. Improvements to minimize solid, liquid, and gas wastes and prevent pollution at the source to remain below legal limits are being carried out continuously. In addition, employees are given training to raise their awareness about the environment.

CHAPTER V

Board of Directors

5.1. Structure and Organization of the Board of Directors

The Board of Directors defines the

Company's objectives, oversees compliance of company activities with legislation, the Articles of Association, and established policies, and monitors management's performance, taking into account its long-term interests. Our Company's Board of Directors is structured in accordance with provisions from the 11th, 12th and 13th Articles of Association.

Tat Gıda Sanayi A.Ş.' Assistant General Manager in charge of Finance and Accounting is assigned to determine the agenda of Tat Gıda's Board of Directors meetings, to prepare Board of Directors resolutions pursuant to the provisions of Turkish Commercial Code article 390, and to inform and communicate with Board Members. The Board of Directors meets in person as required by Company business in accordance with the Turkish Commercial Code and the relevant articles of our Articles of Association. In addition, when necessary, it makes decisions by the method of circulation in accordance with paragraph 4 of article 390 of the Turkish Commercial Code. A total of 30 board decisions were taken in 2021. The Corporate Governance Committee fulfils the duties of the Nomination Committee in our Company.

Three independent member candidates were submitted to the Corporate Governance Committee for 2021. The Corporate Governance Committee's meeting on 19.02.2021 and the Board of Directors' meeting on 22.02.2021 evaluated their nomination statements and resumes and made the decision to appoint them as independent member candidates. All Independent Members of the Board of Directors submitted independence statements to the Corporate Governance Committee.

Name & Surname of Board Member	Independence Status	Date of Appointment	Tenure	Duties on the Board of Directors and Committees	Duties outside the Company
Semahat S. Arsel	Non-Independent Member	19.03.2021	Until the Ordinary General Assembly	Chairman of the Board of Directors	In-group - Chairman/ Member of the Board of Directors
Rahmi M. Koç	Non-Independent Member	19.03.2021	Until the Ordinary General Assembly	Deputy Chairman of the Board of Directors	In-group - Chairman/ Member of the Board of Directors
Ömer M. Koç	Non-Independent Member	19.03.2021	Until the Ordinary General Assembly	Board Member	In-group - Chairman/ Member of the Board of Directors
Ali Y. Koç	Non-Independent Member	19.03.2021	Until the Ordinary General Assembly	Board Member	In-group - Chairman/ Member of the Board of Directors
Caroline N. Koç	Non-Independent Member	19.03.2021	Until the Ordinary General Assembly	Board Member, Member of the Risk Management Committee	In-group - Chairman/ Member of the Board of Directors
Takashi Hashimoto	Non-Independent Member	19.03.2021	Until the Ordinary General Assembly	Board Member	Outside the group - Kagome Co. Ltd Board Member and Senior Managing Executive Officer
F. Füsün Akkal Bozok	Independent Member	19.03.2021	Until the Ordinary General Assembly	Independent Board Member, Member of the Audit and Corporate Governance Committees	Outside the group – Akiş GYO and Bizim Toptan. Independent Board Member
M. Sait Tosyalı	Independent Member	19.03.2021	Until the Ordinary General Assembly	Independent Board Member, Member of the Audit and Risk Management Committees	Outside the group – General Director of the Turkish Education Volunteers Foundation
Neslihan Tonbul	Independent Member	19.03.2021	Until the Ordinary General Assembly	Independent Board Member	Outside the group - Petkim Inc., Alarko Holding Inc., Vakıfbank International Board Member In-group –Tofaş Turkish Automobile Factory Inc. Independent Board Member

5.2. Principles of Board of Directors' Activities

The Board of Directors of our Company conducts its activities in a transparent, accountable, fair, and responsible manner. The powers and responsibilities of Board of Directors members are set out in the company's Articles of Association, and authorization powers are specified in detail on the company's authorized signatures list. Their reports and meetings question and evaluate risks in detail. The Risk Management Committee tracks risks that our Company is exposed to and informs the Board of Directors about them.

5.3. The Number, Organizational Structure, and Independence of the Committees Formed within the Body of the Board of Directors

The only committees in our company are the Audit Committee, the Corporate Governance Committee, and the Risk Management Committee. In accordance with the relevant communique, the entire Audit Committee is comprised of independent members, and the Chairmen of the Corporate Governance Committee and the Risk Management Committee were selected from independent members of the Board of Directors. No Executive Board Member or General Manager holds a position on a committee. Committees determine their working principles and publish them on the company's website. If committees deem it necessary according to their working principles, they can call relevant managers to meetings, and they can consult outside services or independent expert opinions when necessary.

5.4. Risk Management and the Internal Control Mechanism

As per the provisions of Turkish Commercial Code No. 6102 and the Capital Markets Board's Corporate

Governance Guidelines, the Risk Management Committee was established to offer advice and suggestions to the Board of Directors with the aim of detecting risk early and building an efficient risk management system. The committee consists of two members, one of which is independent. The purpose of the Risk Management Committee is the early detection of all kinds of strategic, operational, financial, legal and other risks that may endanger the existence, development and continuation of the company. It includes the evaluation and calculation of possible consequences, management and reporting of these risks in accordance with the company's corporate risk-taking profile, implementing the necessary measures related to the identified risks, taking them into account in decision-making mechanisms, creating effective internal control systems, and making suggestions to the Board of Directors on integration issues. The Committee meets as often as is required by its task.

The Audit Committee serves to disclose to the public the functions of the accounting and reporting systems as per relevant laws and regulations, provides financial information, and supervises the functioning and effectiveness of the independent audit and internal control system. This Committee convenes at least four times a year and once every three months, and presents the minutes of these meetings to the Board of Directors. The Committee immediately notifies the Board of Directors in writing of the findings and suggestions it has reached regarding its field of duty and responsibility.

5.5. Strategic Objectives of the Company

Our senior management drafted the mission, vision, and values of the company with full knowledge by the Board of Directors, and publishes

them in the annual report and on the website. They are revised and renewed as developments occur. The senior management informs the Board of Directors about the work of relevant units in implementing the company's strategic goals. Board meetings monitor the company's targets and activities periodically and compare them with previous performances. In addition, members evaluate the current state of the company and develop new goals and strategies as necessary.

5.6. Financial Rights

Our Company's "Remuneration Policy for Board Members and Senior Executives" regulating the principles of remuneration and the criteria used to determine all kinds of rights, benefits, and fees granted to board members and senior managers, was first presented to our partners on our corporate website in the "Information Document" published three weeks before the general assembly meeting on 25.03.2014. This policy was enacted after the said general assembly meeting. The policy is open to public disclosure on the Company's website and the annual report. It will also be included on the agenda of the ordinary general assembly meeting to discuss and present 2021 activities to shareholders. The Corporate Governance Committee and the Board of Directors annually evaluate the total amount of payments made within the framework of the Remuneration Policy to Members of the Board of Directors and Senior Executives. In our financial statement footnotes, payments made to Board Members and senior managers are disclosed to the public collectively in parallel with general practices.

No transactions have been made that would lead to a conflict of interest, such as lending to members of the Board of Directors or managers of the Company or providing loans or guarantees in their favor.

Risk Management and Internal Audit

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 April 9, 2021, the Board of Directors appointed M. Sait Tosyalı, an Independent Member of the Board of Directors, to chair the committee, and Caroline Nicole Koç, 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 seven times throughout the operating year, 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 2021 sales were up 36 percent in the continuing operations compared to 2020. Net profit in continuing operations were up 121 percent and reached to TL 158 million. The net profit in discontinued operations were up 33 percent and reached to TL 223 million. The net financial debt to equity capital ratio is 0.33. 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.

Evaluation 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

There is none audit concluded in 2021.

Audit Committee Principles and Activities

At our company, the operating principles of the Audit Committee was revised on April 26, 2012 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.

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.

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 16, 2022, 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 2021 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, 2021, continued to preserve its value given the majority equity stake of 888,412,260 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 0.233.

Amendment to the Articles of Association

Article 6 of our company's Articles of Association titled "Capital" was amended at our Ordinary General

Assembly meeting on 19.03.2021 following the receipt of permission from the Capital Markets Board on 25.02.2021 and the Ministry of Commerce Directorate General of Domestic Commerce on 04.03.2021. The amendment extends the validity period of the upper limit of registered capital until 31.12.2025. This amendment to article 6 of the Articles of Association was registered with the Istanbul Registry of Commerce on 14.06.2021.

Changes in Staff and Labor Force

The number of staff as of December 31, 2021 is 653.
The number of staff as of December 31, 2021 is 849.

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, 2021, our severance pay liability is 17,295,879 Turkish lira.

As of December 31, 2020, our severance pay liability is 11,736,540 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 2021, the total of benefits provided to Tat Gıda's senior executives is 16,587,803 Turkish lira (December 31, 2020: 25,888,624 Turkish lira). 3,387,786 Turkish lira of this amount (December 31, 2020: 14,057,600 Turkish lira) is related to the payments made due to termination of employment 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 14,240,575 Turkish lira (December 31, 2020: 17,691,957 Turkish lira). 2,791,928 Turkish lira of this amount (31 December 2020: 8,180,420 Turkish

lira) is related to the payments made for termination of employment.

Donations and Charitable Contributions and Expenditures on Social Responsibility Projects

A total of 1,633,913 Turkish lira was donated or otherwise paid as a charitable contribution to various social organizations and societies in 2021.

Other Legal Disclosures The company has no re-acquired treasury stock

Our company received no fines of a material nature in 2021 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 2021. The resolutions adopted the Ordinary General Meeting of Shareholders held on March 19, 2021, 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.

2021 Corporate Governance Information Form

1. SHAREHOLDERS	
1.1. FACILITATING THE EXERCISE OF SHAREHOLDERS RIGHTS	STATEMENT / RELATED LINKS
The number of investor meetings (conference, seminar/etc.) organised by the company during the year	Held 45 investor & analyst meetings and 5 investor webcasts
1.2. RIGHT TO OBTAIN AND EXAMINE INFORMATION	
The number of special audit request(s)	-
The number of special audit requests that were accepted at the General Shareholders' Meeting	-
1.3. GENERAL ASSEMBLY	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	https://www.kap.org.tr/tr/Bildirim/911996
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	KAP announcements are made in Turkish. English translations of annual reports are made available at the general assembly meetings.
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	There is no such transaction in 2021.
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)	There is no such transaction in 2021.
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)	The PDP link regarding common and continuous related party transactions can be found at: https://www.kap.org.tr/tr/Bildirim/912329
The name of the section on the corporate website that demonstrates the donation policy of the company	Investor Relations / Corporate Identity and Management / Corporate Governance and Policies / Donation Policy
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	https://www.kap.org.tr/tr/Bildirim/912329
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	Provided in Article 15 of our Articles of Association.
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	Although the general assembly meetings are open to the public under ordinary conditions, our shareholders were primarily accepted to the meeting hall in the general assembly held in 2021, in order to protect public health under the current pandemic conditions.
1.4. VOTING RIGHTS	
Whether the shares of the company have differential voting rights	No
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	No
The percentage of ownership of the largest shareholder	43,70%

1.5. MINORITY RIGHTS	
Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	Hayır (No)
If yes, specify the relevant provision of the articles of association.	-
1.6. DIVIDEND RIGHT	
The name of the section on the corporate website that describes the dividend distribution policy	Investor Relations / Corporate Identity and Management / Corporate Governance and Policies / Dividend Distribution Policy
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend.	Dividend has been distributed.
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	-
GENERAL ASSEMBLY MEETINGS	
General Meeting Date	19.03.2021
The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	0
Shareholder participation rate to the General Shareholders' Meeting	60,53%
Percentage of shares directly present at the GSM	0,52%
Percentage of shares represented by proxy	60,01%
Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Investor Relations / Corporate Identity and Management / General Assembly Meeting / Meeting Minutes
Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	Investor Relations / Corporate Identity and Management / General Assembly Meeting / Meeting Minutes
The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	Article 9
The number of declarations by insiders received by the board of directors	0
The link to the related PDP general shareholder meeting notification	https://www.kap.org.tr/tr/Bildirim/911996

2. DISCLOSURE AND TRANSPARENCY	
2.1. CORPORATE WEBSITE	STATEMENTS
Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	Investor Relations
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% 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.
List of languages for which the website is available	Turkish/English
2.2. ANNUAL REPORT	
THE PAGE NUMBERS AND/OR NAME OF THE SECTIONS IN THE ANNUAL REPORT THAT DEMONSTRATE THE INFORMATION REQUESTED BY PRINCIPLE 2.2.2.	
a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	Management & Corporate Governance
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	Corporate Governance / Section V / Board of Directors
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	Corporate Governance / Section V / Board of Directors
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	There are no legislative amendments that may significantly affect company operations.
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	Corporate Governance / Legal Disclosures
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	Corporate Governance / Legal Disclosures
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	There is no reciprocal shareholding with direct participation in the capital exceeding 5%.
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	Corporate Governance / Section IV / Beneficiaries
3. STAKEHOLDERS	
3.1. CORPORATION'S POLICY ON STAKEHOLDERS	
The name of the section on the corporate website that demonstrates the employee remedy or severance policy	Investor Relations / Corporate Identity and Management / Corporate Governance and Policies / Employee Compensation Policy
The number of definitive convictions the company was subject to in relation to breach of employee rights	8 cases of employee claims for rights violations, such as annual leave/ seniority were concluded.
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Head of Internal Audit
The contact detail of the company alert mechanism	Company employees can access the reporting mechanism via the intranet system. Our employees and stakeholders may also report through the Koç Holding reporting line: https://secure.ethicspoint.eu/domain/media/tr/gui/108227/index.html

3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT	
Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	Internal regulations have no public link
Corporate bodies where employees are actually represented	In our company, both unionized and non-unionized colleagues participate in the management with different methods and share their views. With the Employee Engagement Survey conducted every year, the opinion of each colleague is taken as an anonymous questionnaire in the form of open-ended responses. With various communication meetings, information about the company is shared with employees, dealers and other stakeholders and questions and comments of these stakeholders are taken.
INVESTOR RELATIONS	
3.3. HUMAN RESOURCES POLICY	
The role of the board on developing and ensuring that the company has a succession plan for the key management positions	A succession plan is created for all key management positions. This Succession Plan is finalized by submitting the approval of the Chairman of the Board of Directors following the approval of the General Manager.
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	Investor Relations / Sustainability / Employees
Whether the company provides an employee stock ownership programme	There isn't an employee stock ownership program
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	Investor Relations / Sustainability / Employees
The number of definitive convictions the company is subject to in relation to health and safety measures	None
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY	
The name of the section on the corporate website that demonstrates the code of ethics	Investor Relations / Sustainability / Tat Gıda Code of Ethics & Investor Relations/Corporate Overview and Governance/Corporate Governance & Policies
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	Investor Relations / Sustainability
Any measures combating any kind of corruption including embezzlement and bribery	Investor Relations / Sustainability / Tat Gıda Code of Ethics & Investor Relations/Corporate Overview and Governance/Corporate Governance & Policies

4. BOARD OF DIRECTORS-I	
4.2. ACTIVITY OF THE BOARD OF DIRECTORS	
Date of the last board evaluation conducted	29.12.2021
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	No delegation was delegated among the board members.
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	9
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Corporate Governance/Risk Management and Internal Audit
Name of the Chairman	Semahat Sevim Arsel
Name of the CEO	Evren Albaş
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	The Chairman of the Board of Directors and the General Manager are separate persons.
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	-
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	Investor Relations/Corporate Overview and Governance/Corporate Governance & Policies
The number and ratio of female directors within the Board of Directors	There are 4 female members (44%) on the Board of Directors

NAME, SURNAME OF BOARD MEMBER	WHETHER EXECUTIVE DIRECTOR OR NOT	WHETHER INDEPENDENT DIRECTOR OR NOT	THE FIRST ELECTION DATE TO BOARD	LINK TO PDP NOTIFICATION THAT INCLUDES THE INDEPENDENCY DECLARATION	WHETHER THE INDEPENDENT DIRECTOR CONSIDERED BY THE NOMINATION COMMITTEE	WHETHER SHE/HE IS THE DIRECTOR WHO CEASED TO SATISFY THE INDEPENDENCY OR NOT	WHETHER THE DIRECTOR HAS AT LEAST 5 YEARS' EXPERIENCE ON AUDIT, ACCOUNTING AND/OR FINANCE OR NOT
Semahat Sevim Arsel	İcrada Görevli Değil (Non-executive)	Bağımsız üye değil (Not independent director)	20.03.2009		Değerlendirilmedi (Not considered)	Hayır (No)	-
Rahmi M. Koç	İcrada Görevli Değil (Non-executive)	Bağımsız üye değil (Not independent director)	20.03.2009		Değerlendirilmedi (Not considered)	Hayır (No)	-
Ömer M. Koç	İcrada Görevli Değil (Non-executive)	Bağımsız üye değil (Not independent director)	20.03.2009		Değerlendirilmedi (Not considered)	Hayır (No)	-
Ali Y. Koç	İcrada Görevli Değil (Non-executive)	Bağımsız üye değil (Not independent director)	20.03.2009		Değerlendirilmedi (Not considered)	Hayır (No)	-
Caroline N. Koç	İcrada Görevli Değil (Non-executive)	Bağımsız üye değil (Not independent director)	30.03.2016		Değerlendirilmedi (Not considered)	Hayır (No)	-
Takashi Hashimoto	İcrada Görevli Değil (Non-executive)	Bağımsız üye değil (Not independent director)	13.03.2018		Değerlendirilmedi (Not considered)	Hayır (No)	-
Neslihan Tonbul	İcrada Görevli Değil (Non-executive)	Bağımsız üye (Independent director)	19.03.2021	https://www.kap.org.tr/tr/Bildirim/911996	Değerlendirildi (Considered)	Hayır (No)	Evet (Yes)
F. Füsün Akkal Bozok	İcrada Görevli Değil (Non-executive)	Bağımsız üye (Independent director)	13.03.2018	https://www.kap.org.tr/tr/Bildirim/911996	Değerlendirildi (Considered)	Hayır (No)	Evet (Yes)
M. Sait Tosyalı	İcrada Görevli Değil (Non-executive)	Bağımsız üye (Independent director)	13.03.2018	https://www.kap.org.tr/tr/Bildirim/911996	Değerlendirildi (Considered)	Hayır (No)	Evet (Yes)
4. BOARD OF DIRECTORS-II							
4.4. MEETING PROCEDURES OF THE BOARD OF DIRECTORS							
Number of physical board meetings in the reporting period (meetings in person)	In 2021, due to Covid-19 pandemic, the Board of Directors held an actual meeting only 1 time and majority of the Board members attended that meeting. All of the other decisions, except those taken at the said meeting, were taken by hand-by-hand method with the members informed in a reasonable time.						
Director average attendance rate at board meetings	89%						
Whether the board uses an electronic portal to support its work or not	No						
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	There is no such procedure						
The name of the section on the corporate website that demonstrates information about the board charter	There is no such procedure						
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	There is no such procedure						
4.5. BOARD COMMITTEES							
Page numbers or section names of the annual report where information about the board committees are presented	Corporate Governance / Section V/Board of Directors						
Link(s) to the PDP announcement(s) with the board committee charters	https://www.kap.org.tr/tr/Bildirim/750532						

NAMES OF THE BOARD COMMITTEES	NAME OF COMMITTEES DEFINED AS "OTHER" IN THE FIRST COLUMN	NAME-SURNAME OF COMMITTEE MEMBERS	WHETHER COMMITTEE CHAIR OR NOT	WHETHER BOARD MEMBER OR NOT
Audit Committee	-	F. Füsün Akkal Bozok	Yes	Board member
Audit Committee	-	M. Sait Tosyalı	No	Board member
Corporate Governance Committee	-	F. Füsün Akkal Bozok	Yes	Board member
Corporate Governance Committee	-	Neslihan Tonbul	No	Board member
Corporate Governance Committee	-	Başak Tekin Özden	No	Not board member
Committee of Early Detection of Risk	-	M. Sait Tosyalı	Yes	Board member
Committee of Early Detection of Risk	-	Caroline Nicole Koç	No	Board member

4. BOARD OF DIRECTORS-III	
4.5. BOARD COMMITTEES-II	
Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	Given under the Investor Relations / Corporate Identity and Management / Committee Operating Principles / Audit Committee Operating Principles heading on the corporate website
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	Given under the Investor Relations / Corporate Identity and Management / Committee Operating Principles / Corporate Governance Committee Operating Principles heading on the corporate website.
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	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.
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	Given under the Investor Relations / Corporate Identity and Management / Committee Operating Principles / Risk Management Committee Operating Principles heading on the corporate website
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	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.
4.6. FINANCIAL RIGHTS	
Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	Management section/ Message from the General Manager
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	Investor Relations / Corporate Identity and Management / Corporate Management and Policies / Remuneration Policy
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	Corporate Governance/ Legal Disclosures / Financial Rights Assigned to the Members of the Board of Directors and Senior Managers

Composition of Board Committees-II

NAMES OF THE BOARD COMMITTEES	NAME OF COMMITTEES DEFINED AS "OTHER" IN THE FIRST COLUMN	THE PERCENTAGE OF NON-EXECUTIVE DIRECTORS	THE PERCENTAGE OF INDEPENDENT DIRECTORS IN THE COMMITTEE	THE NUMBER OF MEETINGS HELD IN PERSON	THE NUMBER OF REPORTS ON ITS ACTIVITIES SUBMITTED TO THE BOARD
Denetim Komitesi (Audit Committee)	-	100%	100%	5	5
Kurumsal Yönetim Komitesi (Corporate Governance Committee)	-	67%	67%	5	5
Riskin Erken Saptanması Komitesi (Committee of Early Detection of Risk)	-	100%	50%	7	7

2021 Corporate Governance Compliance Report

COMPANY COMPLIANCE STATUS						
	YES	PARTIAL	NO	EXEMPTED	NOT APPLICABLE	EXPLANATION
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2- Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					
1.3. GENERAL ASSEMBLY						
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7- Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X	There was no transaction notice in this way.
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.		X				The agenda of the General Shareholders' Meeting included a separate item for the total amount of the donations and contributions made and major donations were explained in the general assembly information document. In 2020, donations totaled TRY 1,765,635.93 and out of this amount only TRY 50,740.96 were not detailed, as considered non-essential information for investors. The remaining amount for which the details were not provided, includes donations to various parties which were not deemed as material information. We foresee to continue with the current practice of disclosing only the material amounts.
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.		X				Considering the current pandemic conditions and the restrictions on gatherings laid out in the relevant regulations by public authorities, no guests were allowed in the general assembly meeting hall except our shareholders in order to protect the health of the community in 2021.
1.4. VOTING RIGHTS						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2 - The company does not have shares that carry privileged voting rights.	X					
1.4.3-The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.					X	Our Company does not have a cross-ownership relationship that brings with it the domination relationship.

	YES	PARTIAL	NO	EXEMPTED	NOT APPLICABLE	EXPLANATION
1.5. MINORITY RIGHTS						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.	X					
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X			Even though minority rights are not determined less than one in twenty by the Articles of Association, in parallel with general practice, the minority was granted rights under the general provisions of the regulations. There was no demand from investor regarding this issue, and is not foreseen to make a change in this regard in the near future.
1.6. DIVIDEND RIGHT						
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.					X	Dividend distribution has been made.
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					
2.1. CORPORATE WEBSITE						
2.1.1. - The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X					

	YES	PARTIAL	NO	EXEMPTED	NOT APPLICABLE	EXPLANATION
2.2. ANNUAL REPORT						
2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					There are no legislative changes that may significantly affect the company's activities. There has been no conflict of interest with the institutions that provide services on issues such as rating.
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	X					
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X					
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.	X					
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					

	YES	PARTIAL	NO	EXEMPTED	NOT APPLICABLE	EXPLANATION
3.3. HUMAN RESOURCES POLICY						
3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					
3.3.2 - Recruitment criteria are documented.	X					
3.3.3 - The company has a policy on human resources development, and organises trainings for employees.	X					
3.3.4 - Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	X					
3.3.9 - A safe working environment for employees is maintained.	X					

	YES	PARTIAL	NO	EXEMPTED	NOT APPLICABLE	EXPLANATION
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1-The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					
3.4.2 - Customers are notified of any delays in handling their requests.	X					
3.4.3 - The company complied with the quality standards with respect to its products and services.	X					
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
3.5.2-The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1-The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3-The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	X					
4.2.7-The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					

	YES	PARTIAL	NO	EXEMPTED	NOT APPLICABLE	EXPLANATION
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.	X					
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.	X					
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					
4.4. BOARD MEETING PROCEDURES						
4.4.1-Each board member attended the majority of the board meetings in person.		X				In 2021, due to Covid-19 pandemic, the Board of Directors held an actual meeting once and majority of the Board members attended that meeting. All of the other decisions, except those taken at the said meeting, were taken by hand-by-hand method with the members informed in a reasonable time.
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.			X			There is no procedure regarding this issue. 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. A regulation on the working principles of the Board of Directors is currently not planned.
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.					X	Although there is a possibility to provide feedback, there has been no notification made by the board members who could not attend the meeting.
4.4.4 - Each member of the board has one vote.	X					
4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.			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 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7-There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.		X				Due to the significant contribution of Directors to the Board, the experience of the members of the Board of Directors is not limited to taking on other duties outside the company. Curriculum vitae of our board members are included in our annual report. Considering the effective work of the board of directors, there is no change in the current practice, which is considered not to create any negative situation in terms of corporate governance, in the short term.

	YES	PARTIAL	NO	EXEMPTED	NOT APPLICABLE	EXPLANATION
4.5. BOARD COMMITTEES						
4.5.5 - Board members serve in only one of the Board's committees.			X			The assignment of the committees is made in accordance with the relevant regulations, taking into account the knowledge and experience of our board members and some of our board members are assigned to more than one committee. Members in more than one committee provide communication between the committees involved in related matters and increase the opportunities for cooperation. The existing committee structure is evaluated effectively, taking into account the efficient work of the board members with the contribution of their knowledge and experience; No need for changes in the near future is anticipated.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.					X	Such a need was not discussed in 2021.
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	Committees did not receive any consultancy services in 2021
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
4.6. FINANCIAL RIGHTS						
4.6.1-The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.	X					
4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X					
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.			X			Payments made to the members of the Board of Directors and senior executives are disclosed to the public collectively in line with the general practices in the General Assembly and in our financial statements footnotes. Market practices are closely monitored on an issue that is considered important in terms of confidentiality of personal information, and it is envisaged to act in parallel with common practice.

Sustainability Principles Compliance Report

The Sustainability Principles Compliance Framework prepared in accordance with the amendment made to the Corporate Governance Communique by the Capital Markets Board on 02.10.2020 contains the basic principles that public companies are expected to disclose when conducting Environmental, Social, and Corporate Governance (ESG) projects. While implementation of these principles is voluntary, reporting whether they are implemented or not based on the "Comply or Explain" principle is mandatory.

As a Koç Group company, Tat Gıda Sanayi A.Ş. closely follows the best practices in the field of sustainability, including those covered in the CMB's Sustainability Principles Compliance Framework, and it carries out projects with the aim of adapting to them. Most of the Koç Holding sustainability projects that proceed according to the strategy of "To the Future. Together" overlap with the principles set out in the "Sustainability Principles Compliance Framework". Full compliance has not yet been achieved due to practical challenges, general domestic and international uncertainties, and mismatch between some principles and the Company's structure. The principles of compliance will be determined following the results from ongoing studies. Our company continues to analyze global practices that will help achieve its goal of creating sustainable value and to prepare the technical infrastructure and data supply across the Koç Group. Following these steps, we aim to fully comply with the principles.

The Annual Report explains in detail how Tat Gıda Sanayi A.Ş.'s sustainability practices overlap with the CMB's Sustainability Principles Compliance Framework in both the Sustainability and Human Resources and the Compliance Program chapters. Regarding the main principles we have not yet fully complied with or have partially complied with, our explanations are as follows, based on the "comply or explain" approach:

- In 2021, we updated our Ethical Principles and created new policies in the Compliance Program to adapt it and apply it throughout Koç Group. Within this framework, Tat Gıda revised the environment, occupational health and safety, and ethical policies it had previously announced on its website. In addition, we publicly shared the Compliance Policy, following the addition of new policies such as the Human Rights Policy and the Social Investment Policy. Furthermore, we started work to create a long-term sustainability strategy for the company in 2021. Our goal is to determine a strategy in 2022, based on revised company goals and targets.
- Tat Gıda defined its sustainability, environmental, social, and corporate governance policies, and disclosed them to the public on its website and in its annual report. However, our sustainability efforts and goals for the short and long terms will be revised and redetermined. Tat Gıda will also participate in the goal setting

meetings of Koç Holding together with other group companies and create action plans for the next stages of these goals.

- Tat Gıda follows the key ESG Performance Indicators and explains its ESG Key Performance Indicators (KPIs) comparatively on its website on a year-by-year basis. KPIs cannot be presented together with sectoral comparisons due to a lack of sufficient and reliable data in the local and international industries.
- Our legal department follows lawsuits filed against our company and informs the management team. There are currently no concluded lawsuits.
- We regularly monitor environmental, social, and corporate governance key indicators. We have set our goals in this area according to the Tat Gıda Social Investment Policy, which is covered in the Compliance Policies. We are also working to increase the reliability of these indicators in parallel with Koç Group policies, standards, and general practices in addition to contracting validation studies by independent third parties.
- Tat Gıda factories operate in accordance with the Turkish Food Codex and Turkish standards. In addition, we closely follow the laws and regulations in force and apply them in our plants and production processes. All our plants have been certified with ISO 50001 Energy

Management System certificates, ISO 14001 Environmental Management Systems, and ISO 14064 Greenhouse Gas Calculation and Verification Management System certificates. In addition to these efforts, we have fully complied with other legal regulations, though we do not have explanations for each of them. In the future, we plan to discuss this issue in more detail in the environment section of our website.

- Our biodiversity strategy aims to identify and evaluate our environmental impacts and identify our priorities, in addition to developing, revising, and reporting on our systems. By doing so, we are developing an approach that parallels the priorities of the National Biodiversity Strategy and Action Plan (NBSAP) prepared in accordance with the Convention on Biological Diversity (CBD), an international agreement. We conduct many studies on biodiversity that we explain on our website, and we use current studies for internal reporting and evaluation purposes.
- Climate change is a priority issue for Tat Gıda, and it carries out various studies regarding sustainable agriculture, the efficient use of resources, and raising farmers' awareness. In addition, we consider action plans to combat the climate change crisis among our sustainability strategies. We have not yet reflected the Science-Based Target systematics in the company's practices as of the reporting period.
- Tat Gıda production plants have certified ISO 50001 Energy Management Systems. In addition, we apply projects to reduce energy consumption, and reduce our

greenhouse gas emissions, and our website provides detailed information about our greenhouse gas emissions on a year-by-year basis. In 2021, Tat Gıda completed 10 energy efficiency projects in its plants, saving electricity and natural gas, while also preventing the release of CO₂ greenhouse gases. Similar projects are being implemented, but we currently do not have any action plan involving third parties. In the coming period, we will observe the group companies and sectoral good practices and conduct projects in this regard.

- We follow our emission values under Scope-1 and Scope-2 and have the results verified by verifying organization as per ISO 14064-1, ISO 14064-3 and the WBCSD Protocol. We use the data collected for internal reporting and evaluation purposes and share them with management teams.
- We regularly monitor the amount of energy, natural gas, and other resources used in Tat Gıda production plants and facilities. However, for the moment, we use this data only for internal reporting and evaluation purposes, but once strategy development studies are complete, we will consider sharing our standards, protocols, and methodology related to this data with the public
- We use data on the use of renewable energy for internal reporting and evaluation purposes. After completing strategy development work, we will consider sharing our standards, protocols, and methodology related to these data with the public.
- Tat Gıda does not currently have any renewable energy production in its existing systems. However, we plan to

conduct a feasibility study as part of our 5-year environmental strategy.

- The Company is involved in no carbon pricing system, as the legal regulation processes related to this issue have not yet been completed in our country. We are following examples of good practices regarding in-house carbon pricing and carbon credits, although we are not yet applying any.

PRINCIPLE TYPE	PRINCIPLE HEADLINE	PRINCIPLE EXPLANATION	RELEVANT SECTION OF ANNUAL REPORT, PAGE NUMBER	REFERENCE
A. General	A1. Strategy, Policies and Goals	The Board of Directors determines the ESG material issues, risks and opportunities and develops ESG policies accordingly. For effective implementation of the aforementioned policies, internal directives, business procedures, etc. may be prepared. The Board of Directors takes decisions regarding these policies and discloses them to the public.	Principles of Sustainability Compliance Statement, Page 90 Compliance Program, Page 42	
	A1. Strategy, Policies and Goals	"Designates the Partnership Strategy in conformance with the ESG policies, risks and opportunities. Determines its short and long-term goals in line with the partnership strategy and ESG policies and discloses them to the public."	Principles of Sustainability Compliance Statement, Page 90	
	A2. Implementation/ Follow-up	Determines the committees/units responsible for the implementation of ESG policies and discloses them to the public. The responsible committee/unit reports the activities carried out within the scope of the policies to the Board of Directors at least once a year, and in any case, within the maximum periods determined for the public disclosure of the annual activity reports in the relevant regulations of the Board.	Corporate Governance, Pages 66-75	http://www.tatgida.com/en/investor-relations/sustainability/sustainability-management/
	A2. Implementation/ Follow-up	Creates implementation and action plans in line with the short and long-term goals established and discloses them to the public.	Principles of Sustainability Compliance Statement, Page 90	
	A2. Implementation/ Follow-up	Determines the Key Performance Indicators (KPI) of ESR and announces them on a yearly basis. In the presence of verifiable data, it presents the KPIs with comparisons of the local and international sectors.	Principles of Sustainability Compliance Statement, Page 90 Sustainability, Pages 40-63	http://www.tatgida.com/en/investor-relations/sustainability/our-employees/ http://www.tatgida.com/Files/Tat20_Faaliyet_ENG1503.pdf http://www.tatgida.com/en/investor-relations/sustainability/our-environmental-responsibility/
	A2. Implementation/ Follow-up	Discloses the innovation activities that improve the sustainability performance for business processes or products and services.	Sustainability, Pages 40-63	http://www.tatgida.com/tr/inovasyon/
	A3. Reporting	Reports its sustainability performance, goals and actions at least once a year and discloses them to the public. Provides information on sustainability activities in the annual report.	Sustainability, Pages 40-63 R&D & Innovation, Page 57	http://www.tatgida.com/en/investor-relations/sustainability/our-environmental-responsibility/ http://www.tatgida.com/Files/Tat20_Faaliyet_ENG1503.pdf
	A3. Reporting	It is essential to share information that is important for stakeholders to understand the position, performance and development of the partnership in a direct and concise manner. It can also present detailed information and data on the corporate website, and prepare separate reports that directly meet the needs of different stakeholders.	Corporate Governance, Pages 66-75 Financial Report, Page 114	http://www.tatgida.com/en/investor-relations/financial-reports/financial-statements/ http://www.tatgida.com/en/investor-relations/financial-reports/annual-reports/

PRINCIPLE TYPE	PRINCIPLE HEADLINE	PRINCIPLE EXPLANATION	RELEVANT SECTION OF ANNUAL REPORT, PAGE NUMBER	REFERENCE
A. General	A3. Reporting	Pays maximum attention in terms of transparency and reliability. Within the scope of a balanced approach, objectively announces all kinds of developments on primary issues regarding disclosures and reporting.	Corporate Governance, Pages 66-75 Financial Report, Page 114	http://www.tatgida.com/en/investor-relations/financial-reports/financial-statements/ http://www.tatgida.com/en/investor-relations/financial-reports/annual-reports/
	A3. Reporting	Provides information about which of its activities are related with the United Nations' (UN) Sustainable Development Goals for 2030.	Sustainability, Pages 40-63 Human Resources, Page 44	http://www.tatgida.com/en/investor-relations/sustainability/our-environmental-responsibility/
	A3. Reporting	Provides information regarding the lawsuits filed and/or concluded against environmental, social and corporate governance issues.	Principles of Sustainability Compliance Statement, Page 90	
	A4. Verification	If verified by independent third parties (independent sustainability assurance providers), it discloses its sustainability performance measurements to the public and strives to promote such verification processes.	Sustainability, Pages 40-63 Principles of Sustainability Compliance Statement, Page 90	http://www.tatgida.com/en/investor-relations/sustainability/our-environmental-responsibility/
B. Environment	B. Environmental Principles	Declares the policies and practices, action plans, environmental management systems (known by the ISO 14001 standard), and programs in the field of environmental management.	Sustainability, Pages 40-63	http://www.tatgida.com/en/investor-relations/sustainability/our-environmental-responsibility/
	B. Environmental Principles	Complies with environmental laws and other relevant regulations and announces them.	Sustainability, Pages 40-63 Principles of Sustainability Compliance Statement, Page 90 Social Investment, Page 47	http://www.tatgida.com/en/investor-relations/sustainability/our-environmental-responsibility/
	B. Environmental Principles	Explains the limitations regarding the boundaries, reporting period, reporting date, data collection process and reporting conditions of the environmental report to be prepared within the scope of the Sustainability Principles.		http://www.tatgida.com/en/investor-relations/sustainability/our-environmental-responsibility/
	B. Environmental Principles	Declares the highest level person responsible, and relevant committees and their tasks in the partnership on the issue of environment and climate change.	Corporate Governance, Pages 66-75	http://www.tatgida.com/en/investor-relations/sustainability/sustainability-management/ http://www.tatgida.com/Files/pdf/TatGida_SK_eng_1506.pdf
	B. Environmental Principles	Announces the incentives it offers for the management of environmental issues, including the achievement of objectives.	Sustainability, Pages 40-63	http://www.tatgida.com/en/investor-relations/sustainability/our-environmental-responsibility/ http://www.tatgida.com/Files/Tat20_Faaliyet_ENG1503.pdf

PRINCIPLE TYPE	PRINCIPLE HEADLINE	PRINCIPLE EXPLANATION	RELEVANT SECTION OF ANNUAL REPORT, PAGE NUMBER	REFERENCE
B. Environment	B. Environmental Principles	Explains how environmental problems are integrated into business goals and strategies.	Sustainability, Pages 40-63	http://www.tatgida.com/Files/pdf/eng/TatGida_Cevre_Politikasi_1406_eng.pdf
	B. Environmental Principles	Discloses the sustainability performance regarding business processes or products and services, and the activities carried out to improve this performance.	Sustainability, Pages 40-63	http://www.tatgida.com/en/investor-relations/sustainability/our-environmental-responsibility/
	B. Environmental Principles	Describes how it manages the environmental issues and how it integrates the suppliers and customers into its strategies, not just in terms of direct operations but throughout the partnership value chain.	Sustainability, Pages 40-63 Supply Chain, Page 48	http://www.tatgida.com/en/investor-relations/sustainability/supply-chain-policy/
	B. Environmental Principles	Explains whether it is included in the policy-making processes on environmental issues (sectoral, regional, national and international), its cooperation with the associations, related organizations and non- governmental organizations it is a member of, and the tasks it has undertaken, if any, and the activities it supports regarding environmental issues.	Sustainability, Pages 40-63 Social Investment, Page 47	http://www.tatgida.com/en/investor-relations/sustainability/our-employees/ http://www.tatgida.com/Files/Tat20_Faaliyet_ENG1503.pdf
	B. Environmental Principles	In the light of environmental indicators (greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect) 1), air quality	Sustainability/Energy & Environment, Pages 61-63	http://www.tatgida.com/en/investor-relations/sustainability/our-environmental-responsibility/
	B. Environmental Principles	The BoD shall regularly report information on environmental impacts in light of environmental indicators in a comparable way: Air quality	Sustainability/Energy & Environment, Pages 61-63	http://www.tatgida.com/en/investor-relations/sustainability/our-environmental-responsibility/
	B. Environmental Principles	The BoD shall regularly report information on environmental impacts in light of environmental indicators in a comparable way: Energy management	Sustainability/Energy & Environment, Pages 61-63	http://www.tatgida.com/en/investor-relations/sustainability/our-environmental-responsibility/
	B. Environmental Principles	The BoD shall regularly report information on environmental impacts in light of environmental indicators in a comparable way: Water and wastewater management	Sustainability/Energy & Environment, Pages 61-63	http://www.tatgida.com/en/investor-relations/sustainability/our-environmental-responsibility/
	B. Environmental Principles	The BoD shall regularly report information on environmental impacts in light of environmental indicators in a comparable way: Waste management	Sustainability/Energy & Environment, Pages 61-63	http://www.tatgida.com/en/investor-relations/sustainability/our-environmental-responsibility/
	B. Environmental Principles	The BoD shall regularly report information on environmental impacts in light of environmental indicators in a comparable way: Bio-diversity impacts	Sustainability/Energy & Environment, Pages 61-63 Principles of Sustainability Compliance Statement, Page 90	http://www.tatgida.com/en/investor-relations/sustainability/our-environmental-responsibility/

PRINCIPLE TYPE	PRINCIPLE HEADLINE	PRINCIPLE EXPLANATION	RELEVANT SECTION OF ANNUAL REPORT, PAGE NUMBER	REFERENCE
B. Environment	B. Environmental Principles	Discloses the details of the standard, protocol, methodology and base year it uses to collect and calculate its data.	Sustainability/Energy & Environment, Pages 61-63	http://www.tatgida.com/en/investor-relations/sustainability/our-environmental-responsibility/
	B. Environmental Principles	Explains the status of the environmental indicators (increase or decrease) for the reporting year in comparison with previous years.	Sustainability/Energy & Environment, Pages 61-63	http://www.tatgida.com/en/investor-relations/sustainability/our-environmental-responsibility/
	B. Environmental Principles	Sets short- and long-term goals to reduce its environmental impact and discloses these goals. It is recommended that these goals be determined based on science as suggested in the United Nations Conference of the Parties on Climate Change. If there is an actual progress in the reporting year according to the targets set before, it provides information on the subject.	Sustainability, Pages 40-63	http://www.tatgida.com/en/investor-relations/sustainability/our-environmental-responsibility/
	B. Environmental Principles	Explains its strategy and actions to combat the climate crisis.	Sustainability, Pages 40-63 Principles of Sustainability Compliance Statement, Page 90	
	B. Environmental Principles	Explains the program or procedures to prevent or minimize the potential negative impact of the products and/or services it offers; explains the actions of third parties toward reducing greenhouse gas emissions.	Principles of Sustainability Compliance Statement, Page 90	
	B. Environmental Principles	Explains the actions taken to reduce its environmental impacts, the total number of projects and initiatives carried out, and the environmental benefits/gains and cost savings they provide.	Sustainability, Pages 40-63	http://www.tatgida.com/en/investor-relations/sustainability/our-environmental-responsibility/
	B. Environmental Principles	Reports the total energy consumption data (excluding raw materials) and details the energy consumption as Scope-1 and Scope-2.	Principles of Sustainability Compliance Statement, Page 90	
	B. Environmental Principles	Provides information on the heat, steam, cooling, and the electricity generated and consumed in the reporting year.	Principles of Sustainability Compliance Statement, Page 90	http://www.tatgida.com/en/investor-relations/sustainability/our-environmental-responsibility/
	B. Environmental Principles	Conducts studies toward increasing the use of renewable energy and transition to zero or low carbon electricity, and discloses these studies.	Principles of Sustainability Compliance Statement, Page 90	
	B. Environmental Principles	Discloses the renewable energy production and usage data.	Principles of Sustainability Compliance Statement, Page 90	
B. Environmental Principles	Designs energy efficiency projects and discloses the amount of reduction in energy consumption and emission, owing to these studies.	Sustainability/Energy & Environment, Pages 61-63	http://www.tatgida.com/en/investor-relations/sustainability/our-environmental-responsibility/	

PRINCIPLE TYPE	PRINCIPLE HEADLINE	PRINCIPLE EXPLANATION	RELEVANT SECTION OF ANNUAL REPORT, PAGE NUMBER	REFERENCE
B. Environment	B. Environmental Principles	Reports the amount of water withdrawn, used, recycled and discharged from underground or aboveground, its sources and procedures (total water withdrawal by source, the water resources affected by water withdrawal, the percentage and total volume of the recycled and reused water, etc.).	Sustainability/Energy & Environment, Pages 61-63	http://www.tatgida.com/en/investor-relations/sustainability/our-environmental-responsibility/
	B. Environmental Principles	Explains whether operations or activities are included in any of the carbon pricing systems (Emissions Trading System, Cap-and-Trade or Carbon Tax).	Principles of Sustainability Compliance Statement, Page 90	
	B. Environmental Principles	Discloses the carbon credit information accumulated or purchased during the reporting period.	Principles of Sustainability Compliance Statement, Page 90	
	B. Environmental Principles	Discloses the details if carbon pricing is implemented within the partnership.	Principles of Sustainability Compliance Statement, Page 90	
	B. Environmental Principles	Discloses all mandatory and voluntary platforms on which its environmental information is announced		http://www.tatgida.com/en/investor-relations/sustainability/our-environmental-responsibility/
C. Social	C1. Human Rights and Employee Rights	Formulates the Corporate Human Rights and Employee Rights Policy, which is fully compliant with the Universal Declaration of Human Rights, the ILO Conventions that Turkey has confirmed, and the legal framework and regulations governing the human rights and working life in Turkey. Discloses the policy in question and the roles and responsibilities associated with its implementation.	Sustainability, Pages 40-63	http://www.tatgida.com/en/human-resources/working-for-tat/ http://www.tatgida.com/en/human-resources/our-ethical-approach/ http://www.tatgida.com/tr/bizi-taniyin/etik-ilkeler-ve-uyum-politikalari/
	C1. Human Rights and Employee Rights	Provides equal opportunity in recruitment processes. Taking the effects of the supply and value chains into account, it includes fair labor, improvement of labor standards, women's employment, and inclusion issues (such as gender, religious belief, language, race, ethnic origin, age, disability, refugee, etc.) in its policies.	Sustainability/Human Resources, Pages 44-49 Human Rights and Fair Working Environment, Page 48	http://www.tatgida.com/en/human-resources/our-ethical-approach/
	C1. Human Rights and Employee Rights	Describes the measures taken along the value chain to observe the rights of certain fractions sensitive to economic, environmental, social factors (low-income groups, women, etc.) or to observe minority rights/equal opportunity.	Sustainability/Human Resources, Pages 44-49 Human Rights and Fair Working Environment, Page 48	http://www.tatgida.com/en/human-resources/our-ethical-approach/
	C1. Human Rights and Employee Rights	Reports developments regarding discrimination, inequality, human rights violations, practices to prevent and correct forced labor. Discloses the regulations for not employing child labor.	Sustainability/Human Resources, Pages 44-49 Human Rights and Fair Working Environment, Page 48	http://www.tatgida.com/en/human-resources/our-ethical-approach/

PRINCIPLE TYPE	PRINCIPLE HEADLINE	PRINCIPLE EXPLANATION	RELEVANT SECTION OF ANNUAL REPORT, PAGE NUMBER	REFERENCE
C. Social	C1. Human Rights and Employee Rights	Explains policies regarding investment in employees (training, development policies), compensation, vested benefits, right to unionize, work/life balance solutions, and talent management. Determines dispute resolution processes by creating mechanisms for employee complaints and dispute resolution. In addition, it regularly announces the activities carried out to ensure employee satisfaction.	Sustainability/Human Resources, Pages 44-49 Human Rights and Fair Working Environment, Page 48	http://www.tatgida.com/en/human-resources/working-for-tat/ http://www.tatgida.com/en/human-resources/our-ethical-approach
	C1. Human Rights and Employee Rights	Creates occupational health and safety policies and discloses them to the public. Discloses the precautions taken to prevent work accidents and to preserve health, and the accident statistics.	Sustainability/OHS, Page 43	http://www.tatgida.com/en/human-resources/working-for-tat/
	C1. Human Rights and Employee Rights	Creates personal data protection and data security policies and discloses them to the public.	Protection of Personal Data and Data Security Title, Page 47	http://www.tatgida.com/en/privacy-policy/
	C1. Human Rights and Employee Rights	Creates an ethics policy (including practices regarding work, work ethics, compliance processes, advertising and marketing ethics, public briefing, etc.) and discloses it to the public.	Sustainability/Human Resources, Page 44-49 Human Rights and Fair Working Environment Page 48	http://www.tatgida.com/en/human-resources/our-ethical-approach
	C1. Human Rights and Employee Rights	Explains its activities within the scope of social investment, social responsibility, financial inclusion and access to finance.	Sustainability, Pages 40-63 Social Investment, Page 47	http://www.tatgida.com/en/human-resources/our-common-values/
	C1. Human Rights and Employee Rights	Organizes informational meetings and training programs for employees on ESG policies and practices.	Sustainability, Pages 40-63 Ethics and Compliance, Page 46, Human Rights and Fair Working Environment, Page 48	http://www.tatgida.com/tr/bizi-taniyin/etik-ilkeler-ve-uyum-politikalari/
	C2. Stakeholders, International Standards and Initiatives	Carries out its activities in the field of sustainability by taking the needs and priorities of all stakeholders (employees, customers, suppliers and service providers, public institutions, shareholders, society and non-governmental organizations, etc.) into account.	Sustainability, Pages 40-63 Social Investment, Page 47	http://www.tatgida.com/Files/pdf/TatGida_SK_eng_1506.pdf
	C2. Stakeholders, International Standards and Initiatives	Formulates a customer satisfaction policy regarding the management and resolution of customer complaints and discloses it to the public.		http://www.tatgida.com/en/about-us/responsibilities/
	C2. Stakeholders, International Standards and Initiatives	Conducts a continuous and transparent communication with stakeholders; explains the purpose, the subject and the frequency of the communication with the stakeholders, and the progresses in sustainability activities.	Corporate Governance, Shareholders, Page 67	http://www.tatgida.com/en/investor-relations/corporate-overview-and-governance/corporate-governance/

PRINCIPLE TYPE	PRINCIPLE HEADLINE	PRINCIPLE EXPLANATION	RELEVANT SECTION OF ANNUAL REPORT, PAGE NUMBER	REFERENCE
C. Social	C2. Stakeholders, International Standards and Initiatives	Discloses the international reporting standards it has adopted (Carbon Disclosure Project (CDP), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), The Task Force on Climate- Related Financial Disclosures (TCFD), etc.) to the public.		https://cdn.koc.com.tr/cmscontainer/kocholding/media/koc/05surdurulebilirlik/policies/koc-group-sustainability-report-2020.pdf
	C2. Stakeholders, International Standards and Initiatives	As a signatory or a member, it discloses the international organizations or principles (Equator Principles, United Nations Environment Programme - Finance Initiative (UNEP-FI), United Nations Global Compact (UNGC) Principles, United Nations Principles for Responsible Investment (UNPRI), etc.), and the international principles it has adopted (International Capital Market Association (ICMA) Green/Sustainable Bond Principles) to the public.		https://www.koc.com.tr/surdurulebilirlik https://www.unglobalcompact.org/what-is-gc/mission/principles#anti-corruption
	C2. Stakeholders, International Standards and Initiatives	Makes concrete efforts to be included in the Borsa Istanbul Sustainability Index and in international sustainability indexes (Dow Jones Sustainability Index, FTSE4Good, MSCI ESG Indexes, etc.)	Equity Share Performance, Page 15	https://borsaistanbul.com/tr/sayfa/165/bist-surdurulebilirlik-endeksi
D. Corporate Governance	Corporate Governance Principles	Makes maximum effort to comply with all Corporate Governance principles as well as the mandatory Corporate Governance principles within the scope of the Capital Markets Board Communiqué on Corporate Governance, numbered II-17.1.	Corporate Governance, Pages 66-75	http://www.tatgida.com/en/investor-relations/corporate-overview-and-governance/board-of-directors/
	Corporate Governance Principles	Takes the sustainability issue, the environmental impacts of its activities and the relevant principles into account when determining its corporate governance strategy.	Corporate Governance, Pages 66-76 Risk Management and Internal Audit, Page 72	http://www.tatgida.com/en/investorrelations/sustainability/sustainabilitymanagement/
	Corporate Governance Principles	As stated in the Corporate Governance Principles, it takes the necessary measures to comply with the principles regarding the stakeholders and to strengthen the communication with them. The Company also seeks the views of the stakeholders when determining the measures and strategies in the field of sustainability.	Corporate Governance/ Stakeholders, Pages 68-69	http://www.tatgida.com/en/investor-relations/sustainability/sustainability-management/

PRINCIPLE TYPE	PRINCIPLE HEADLINE	PRINCIPLE EXPLANATION	RELEVANT SECTION OF ANNUAL REPORT, PAGE NUMBER	REFERENCE
D. Corporate Governance	Corporate Governance Principles	Works on raising awareness on the issue of sustainability and its importance through social responsibility projects, awareness activities and trainings.	Sustainability/Human Resources, Pages 44-49	http://www.tatgida.com/en/investor-relations/sustainability/sustainability-management/ http://www.tatgida.com/tr/basin-odasi/
	Corporate Governance Principles	Strives to become a member of the international standards and initiatives on sustainability and to contribute to activities.		http://www.tatgida.com/en/investor-relations/sustainability/sustainability-management/ http://www.tatgida.com/en/investor-relations/investor-presentation/ http://www.tatgida.com/en/investor-relations/teleconferences/
	Corporate Governance Principles	Discloses the policies and programs regarding the fight against bribery and corruption, and the principle of tax integrity.	Sustainability/Human Resources, Pages 44-49 Fight against bribery and corruption, Page 47	http://www.tatgida.com/en/investor-relations/sustainability/tat-gida-codes-of-conduct/

Statement of Responsibility

STATEMENT OF RESPONSIBILITY PREPARED PER CMB'S FINANCIAL REPORTING COMMUNIQUE SERIES NO: II-14.1., ARTICLE 9

BOARD OF DIRECTOR'S RESOLUTION REGARDING THE ANNUAL REPORT

RESOLUTION DATE: 22.02.2022

RESOLUTION NUMBER: 2022/10

As per CMB regulations; attached Annual Report for 2021 , prepared by Company management and audited by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., that has been prepared under Turkish Code of Commerce and CMB's Communiqué Series No: II.14.1 "Communiqué On Principles of Financial Reporting in Capital Markets" ("Communiqué").

Within the framework of the information we have in our field of duty and responsibility in our company, Annual Report for 2021 which includes The Corporate Governance Compliance Report and the Corporate Governance Information Form and CMB's Sustainability Principles Compliance Framework, in line with the CMB's regulations;

- Has been analysed,
- To the best of our knowledge and in line with our Company roles and responsibilities, in all material respects, does not contain any untrue representations or any omissions that would lead to misleading conclusions as at disclosure date,
- To the best of our knowledge and in line with our Company roles and responsibilities, the Annual report prepared in line with the Communiqué, fairly reflect the Company's progress and performance, financial position and possible significant risk and uncertainty,

and we hereby represent and state that we are responsible over the disclosures.

Best Regards,

F. FÜSUN AKKAL BOZOK

Audit Committee President

M. SAİT TOSYALI

Audit Committee Member

BAŞAK TEKİN ÖZDEN

Assistant General Manager,
Finance & Accounting

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 Communiqué 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.

d) 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.

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

f) 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 stakeholders.

g) 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,

h) 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,

i) 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,

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

12 February 2021

F. FÜSUN AKKAL BOZOK

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.

d) 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.

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

f) 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.

g) 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,

h) 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,

i) 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,

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

12 February 2021

M. SAİT TOSYALI



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.

d) 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.

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

f) 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.

g) 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,

h) 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,

i) 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,

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

16 February 2021

NESLİHAN TONBUL



GENERAL ASSEMBLY

Agenda of the Ordinary General Meeting of Shareholders	106
Independent Auditor's Compliance Opinion on the Annual Report	107
Dividend Distribution Policy	109
Dividend Distribution Proposal	110
Remuneration for Senior Managers and Members of the Board of Directors	112

Tat Gıda Sanayi A.Ş. Agenda for the Ordinary General Meeting of Shareholders on 17 March 2022

- | | | |
|--|---|---|
| 1. Opening and appointment of the Chair of the Assembly, | Managers under the Corporate Governance Principles as well as the payments made under the policy and approval of the same, | parallel with the Corporate Governance Principles of the Capital Market Code, |
| 2. Presentation, negotiation and approval of 2021 Annual Activity Report issued by the Board of Directors of the Company, | 9. Determining the yearly gross remunerations for the members of the Board of Directors, | 14. Wishes and opinions. |
| 3. Presentation of the Independent Audit Report Summary related to year 2021 accounting period, | 10. Approval of the Independent Audit Company elected by the Board of Directors under the Turkish Commercial Code and the regulations of the Capital Markets Board, | |
| 4. Presentation, negotiation and approval of the Financial Statements related to year 2021 accounting period, | 11. Informing the Shareholders about the donations of the Company in 2021 and determining upper limit for the donations to take place in 2022, | |
| 5. Release of the members of the Board of Directors for the activities of the Company in year 2021, | 12. Informing the Shareholders about the guarantees, pledges and liens given in favor of the third parties, and incomes or benefits provided by the Company in 2021 as to the regulations of Capital Markets Board, | |
| 6. Approval, approval through amendment or refusal of the proposal of the Board of Directors about the dividend distribution and the date of dividend payment for year 2021, which is prepared within the framework of the Company's dividend distribution policy. | 13. Permission for the shareholders, members of the Board of directors, and senior managers, who have control in management, and their spouses and relatives up to second generation by heritage or by marriage, within the framework of 395 and 396 of the Turkish Commercial Code and informing the shareholders about the transactions realized in 2021 in | |
| 7. Determining the number of the Board of Directors and their period in office, election of the determined number of members, election of the Independent Members of the Board of Directors, | | |
| 8. Informing the Shareholders about the "Remuneration Policy" for Members of the Board of Directors and Senior | | |

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 2021 and 31 December 2021, 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 (including Independence Standards) (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 2021 and 31 December 2021 on 11 February 2022.

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:

- 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.
- 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.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi



Mustafa Şafak Erdur, SMMM
Partner
22 February 2022

Dividend Distribution Policy

Our Company distributes dividends to the shareholders within the framework of the provisions of the Turkish Commercial Code, Capital Market Regulations, Tax Regulations and other relevant regulations and the article of the Articles of Association of our Company regarding the dividend distribution. Within such practice, a balanced and coherent policy is sought between the interests of the shareholders and the Company in accordance with the Corporate Governance Principles.

Within the framework of article 19 of our Articles of Association, General Assembly is entitled to decide a distribution of dividends to members of the board of directors, officers, employees and workers, foundations established for various purposes and persons and organizations of similar quality from the amount remaining after the primary legal reserve of 5% reserved from the pretax profit, financial liabilities and the first dividend, which is reserved according to the Capital Market Legislation by a resolution regarding dividends. Moreover, after deducting 5% of the paid-in capital from the amount assessed for the first dividend, 5% of the remaining amount is paid to the founder beneficial right holders within the framework of the Capital Market Regulations.

As a principle, minimum 20% of the distributable dividend calculated based on the communiqués of the Capital Market Board shall be distributed in cash and/or as bonus shares calculated according to the communiqués of the

Capital Market Board as long as the applicable regulations and financial means allow and with due consideration of the long-term strategies, investment and financing policies and profitability status of our company and as long as it can be covered by the sources entered into our legal records.

It is aimed to dividend distribution within not later than one month following General Assembly, and General Assembly decides the dividend payment date. General Assembly or the Board of Directors, if authorized, may decide for distribution of the dividend by installments in accordance with the Capital Market Regulations.

According to the Articles of Association of the Company, the Board of Directors may make advance payments for dividend, provided that authorization by the General Assembly shall be sought and Capital Market Regulations shall be observed.

Dividend Distribution Proposal

At the February 11, 2022 Board of Directors meeting, financial statements for the January 1 – December 31, 2021 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 223,190,334.00 Turkish lira as per the financial statements that were prepared in accordance with the TFRS, and the current year profit was reported as 268,993,197.94 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 2021, on the account that the current general statutory reserves have reached the 20-percent limit in the TPL records as of December 12, 2021,

Net profit for the period was posted as 223,190,334.00 Turkish lira as per the financial statements prepared in accordance with the TFRS. Dividend basis was 224,824,246.64 Turkish lira after adding the donations of 1,633,912.64 Turkish lira.

Distributable net profit for the period reached 268,993,197.94 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, 2021, 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;
44,964,849.33 Turkish lira first dividend to shareholders,
10,901,212.33 Turkish lira dividend to founder share certificate holders,
595,150.67 Turkish lira second dividend to shareholders,
4,966,121.23 Turkish lira of secondary legal reserve,

c. Pay all in cash the first and second dividends of 45,560,000.00 Turkish lira to the shareholders and 10,901,212.33 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 4,966,121.23 Turkish lira, the dividend total of 45,560,000.00 Turkish lira to be paid to the shareholders and the whole sum of 10,901,212.33 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 41,080,178.52 Turkish lira, which is 50 percent of the profits from the tangible fixed asset sales, and extraordinary reserves of 166,485,685.86 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 2nd tranche of general statutory reserves; and allocate, resulting from the balance amount in the financial statements prepared in accordance with TFRS, special reserves of 41,080,178.52 Turkish lira, which is 50 percent of the profits from the sale of tangible fixed assets based on the TPL records, and extraordinary reserves of 120,682,821.92 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 33.5 percent for each 1.00 Turkish lira par value share and 0.3350 Turkish lira for each 100 share at 1 Turkish lira par value;

Pay to the other shareholders a gross cash dividend of 33.5 percent for each 1.00 Turkish lira par value share and 0.3350 Turkish lira for each 100 share at 1 Turkish lira par value; corresponding to a net cash dividend of 30.15 percent and 0.3015 Turkish lira, respectively;

g. Set the dividend distribution date as March 24, 2022,

Submit the proposal for approval at the Company's Ordinary General Shareholders Meeting on March 17, 2022.

It has been decided that the proposal regarding the Dividend Distribution will be made available for the review of our shareholders at the Company Headquarters and on the Company website at www.tatgida.com, at least 21 days before the General Assembly Meeting and announced to the public via the Public Disclosure Platform.

Tat Gıda Sanayi A.Ş. Dividend Distribution Statement for Year 2021 (TRY)

	According to CMB	According to Legal Records
1. Paid-in/Issued Capital		136.000.000,00
2. Total Legal Reserve Fund (According to Legal Records)		33.064.537,66
Information on privileges in dividend distribution, if any, in the Articles of Association		-
3. Period Profit	219.861.785,00	290.136.193,20
4. Taxes (-)	-3.328.549,00	21.142.995,26
5. Net Profit for the Period (=)	223.190.334,00	268.993.197,94
6. Losses in Previous Years (-)	0,00	0,00
7. Primary Legal Reserve (-)	0,00	0,00
8. NET DISTRIBUTABLE PERIOD PROFIT (=)	223.190.334,00	268.993.197,94
9. Donations within the Year (+)	1.633.912,64	0,00
10. Net Distributable Period Profit Including the Donations	224.824.246,64	268.993.197,94
11. First dividend to Shareholders	44.964.849,33	6.800.000,00
-Cash	44.964.849,33	6.800.000,00
-Bonus		0,00
-Total	44.964.849,33	6.800.000,00
12. Dividend Distributed to Privileged Shareholders	-	-
13. Dividend to the Members of the Board of Directors, Employees etc.	-	-
14. Dividend Distributed to Owners of Dividend Shares	10.901.212,33	10.901.212,33
15. Second Dividend to Shareholders	595.150,67	38.760.000,00
16. Primary Legal Reserve	4.966.121,23	4.966.121,23
17. Statutory Reserves	0,00	0,00
18. Special Reserves *	41.080.178,52	41.080.178,52
19. EXTRAORDINARY RESERVES	120.682.821,92	166.485.685,86
20. Other Distributable Resources	0,00	0,00

* The amount within the scope of exemption of the profit from the sale of tangible fixed assets according to the VUK records

GROUP	TOTAL DIVIDEND AMOUNT		TOTAL DIVIDEND AMOUNT / NET DISTRIBUTABLE CURRENT PERIOD PROFIT (%)	DIVIDEND TO BE PAID FOR SHARE WITH PAR VALUE OF 1 TRY	
	CASH DIVIDEND AMOUNT (TRY)	STOCK DIVIDEND- AMOUNT (TRY)	RATE (%)	AMOUNT (TRY)	RATE (%)
GROSS	TOTAL	45.560.000,00	20,41	0,33500	33,5000
NET	TOTAL	41.004.000,00	18,37	0,30150	30,1500

- There is no privileged share group in the profit.

- Dividend and beneficial rights shall be distributed out of the earnings of the current year, and withholding shall be applicable for full tax-payer natural persons on the portion that corresponds to the earnings that are not exempt.

Remuneration Policy for Senior Managers and Members of the Board of Directors

This policy document defines the remuneration system and practices for our members of the Members of the Board of Directors and Senior Managers within the scope of those with an administrative responsibility within the scope of the Capital Markets Board regulations.

Each year, fixed remuneration is determined during general assembly, which shall be valid for all the members of the Board of Directors.

The executive Members of the Board of Directors shall be paid remuneration within the scope of the policy determined for Senior Managers as detailed below.

In addition to the fixed wage determined at the general assembly, additional benefits may be provided within the framework of the opinion of the Corporate Governance Committee due to the function they undertake who members assigned to carry out certain functions in order to contribute to company activities.

For remuneration of the independent members of the board of directors, payment plans based on the performance of the company may not be used.

The Members of the Board of Directors are made payments on a pro rate basis with consideration of the period in office with regards to date of their appointment and leaving. The expenses of the

members of the board of directors may be covered by the company due to their contribution to the company (costs of transport, telephone, insurance etc.).

The remuneration for the senior managers, on the other hand, consist of two elements, being fixed and performance-based.

The fixed remunerations for Senior Managers are determined in accordance with international standards and legal liabilities with due consideration of the macroeconomic data in the market, remuneration policies applicable in the market, company size and long-term goals and positions of the people.

Senior Manager premiums, on the other hand, are calculated based on premium basis, company performance and individual performance. The information related to the criteria is summarized below:

■ **Premium Basis:** Premium Basis is updated on each New Year's Day and varies depending on the job size of the management position. While updating premium basis, the senior management premium policies in the market are taken into consideration.

■ **Company Performance:** Company performance is obtained by measuring the financial and operational (market share, export, activities abroad, efficiency etc.) set for the company on each New Year's Day at the end of the period. While setting the company's

goals, sustainable success and improvements as compared to the preceding years are principles that are taken into consideration with emphasis.

■ **Individual Performance:** In determining the individual performance, Individual and collective goals and key result indicators determined by Senior Managers with their own teams and managers are taken into account. In measuring the individual performance, the principle of long-term sustainable improvement is taken into consideration in addition to financial areas.

If Senior Managers of our company quit, then a bonus can be paid for quitting with due consideration of their period in office, their period in office as a senior manager, their respective contributions, the last target bonus at the time of quitting and the salary and bonus paid during their last year.

Total amounts determined according to the foregoing principles and paid to the Senior Managers and Members of the Board of Directors are submitted to the information and/or approval of the shareholders during the general assembly to follow in accordance with the legislation.

FINANCIAL REPORT

Independent Auditor's Report	114
Contents	118
Balance Sheet	119
Income Statement	121
Statement of Changes in Equity	122
Cash Flow Statements	124
Footnotes	125



CONVENIENCE TRANSLATION OF THE INDEPENDENT AUDITOR'S REPORT ORIGINALLY PREPARED AND ISSUED IN TURKISH TO ENGLISH

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 2021, 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 2021, 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 (including Independence Standards) ("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 fulfils 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.

Konunun denetimde nasıl ele alındığı

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 the Customers and examining the contract provisions to understand the sales terms with related parties,
- Evaluating the design, implementation and effectiveness of key internal controls for accounting of revenue in the financial statements,
- Analysing the returns occurred after the reporting period,
- Analysing the timing of recognition in the financial statements of the revenue and sales returns, 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,
- Evaluating the journal entries related to revenue that the Company has accounted for during the year,
- Verifying trade receivables of third parties by obtaining confirmation letters for selected samples and reconciling to the financial statements,
- Examining the disclosures in the notes of the financial statements and evaluating the adequacy and appropriateness of the disclosures in respect of TFRS 15.



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.



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, actions taken to eliminate threats or safeguards applied.

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 11 February 2022.
- 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 2021, 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.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi



Mustafa Şafak Erdur, SMMM
Partner
11 February 2022
Istanbul, Turkey

Contents

119 Statement of Financial Position

121 Statement of Profit or Loss and Other Comprehensive Income

122 Statement of Changes In Equity

124 Statement of Cash Flows

125 -190 Notes to the Financial Statements

125 Note 1 – Organisation and Operations of the Company

126 Note 2 – Basis of Presentation of Financial Statements

149 Note 3 – Segment Reporting

152 Note 4 – Cash and Cash Equivalents

152 Note 5 – Financial Assets

153 Note 6 – Borrowings

154 Note 7 – Trade Receivables and Payables

155 Note 8 – Other Receivables and Payables

156 Note 9 – Inventories

156 Note 10 – Prepaid Expenses and Deferred Income

157 Note 11 – Property, Plant and Equipment

159 Note 12 – Intangible Assets

161 Note 13 – Government Incentives and Grants

161 Note 14 – Commitments and Contingent Assets and Liabilities

161 Note 15 – Assets Classified as Held for Sale

163 Note 16 – Derivative Instruments

164 Note 17 – Commitments and Contingencies

165 Note 18 – Employee Benefits

166 Note 19 – Other Assets and Liabilities

167 Note 20 – Shareholders' Equity

169 Note 21 – Sales and Cost Of Sales

169 Note 22 – Expenses By Nature

171 Note 23 – Other Income and Expenses From Operating Activities

171 Note 24 – Income and Expenses From Investing Activities

172 Note 25 – Financial Income and Expenses

172 Note 26 – Tax Assests and Liabilities

176 Note 27 – Earnings Per Share

176 Note 28 – Related Party Transactions

180 Note 29 – Nature and the Level of Risk Resulted from Financial Instruments

189 Note 30 – Financial Instruments

191 Note 31 – Disclosure of Fees For Services Received From Independent Auditor or Auditor's

191 Note 32 – Subsequent Events

TAT GIDA SANAYİ A.Ş.

STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021

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

		Audited	Audited
	Notes	31 December 2021	31 December 2020
ASSETS			
Current Assets			
Cash and cash equivalents	4	106.046.019	120.612.224
Trade receivables		473.882.599	445.574.341
-Trade receivables from related parties	7,28	433.602.270	429.134.382
-Trade receivables from third parties	7	40.280.329	16.439.959
Other receivables		2.875.061	1.071.452
-Other receivables from third parties	8	2.875.061	1.071.452
Inventories	9	627.595.375	360.736.236
Derivatives	16	9.063.664	416.506
Prepaid expenses	10	29.206.570	12.719.871
Other current assets	19	101.146.584	71.383.844
Subtotal		1.349.815.872	1.012.514.474
Assets as held for sale	15	--	160.311.638
Total Current Asset		1.349.815.872	1.172.826.112
Non-Current Assets			
Other receivables		68.085	68.085
-Other receivables from third parties	8	68.085	68.085
Financial investments	5	5.122.949	4.381.574
Property, plant and equipment	11	229.427.009	90.030.091
Right of use assets	12	25.481.697	10.722.316
Intangible assets	12	8.737.285	7.119.559
Deferred tax assets	26	18.891.876	4.974.330
Other non-current assets	19	294.817	18.580.385
Total Non-Current Assets		288.023.718	135.876.340
TOTAL ASSET		1.637.839.590	1.308.702.452

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

TAT GIDA SANAYİ A.Ş. STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021

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

	Notes	Audited	Audited
		31 December 2021	31 December 2020
LIABILITIES			
Short-term financial borrowings	6	92.401.001	42.383.179
Short-term leasing borrowings	6	5.618.972	6.593.978
-Leasing borrowings to related parties	28	3.866.636	4.833.184
-Leasing borrowings to third parties		1.752.336	1.760.794
Short-term portion of long-term borrowings	6	147.144.849	73.231.532
Trade payables		257.816.497	213.429.047
- Trade payables to related parties	7,28	49.053.751	41.763.975
- Trade payables to third parties	7	208.762.746	171.665.072
Employee benefit obligations	18	4.475.763	7.428.260
Derivative financial instruments	16	--	928.877
Other payables		19.047.239	18.729.820
- Other payables from related parties	28	11.724.613	9.854.993
- Other payables from third parties	8	7.322.626	8.874.827
Deferred income	10	6.505.824	6.572.117
Current tax liabilities	26	6.066.187	13.809.180
Short-term provisions		14.159.957	14.778.030
- Short-term provisions for employment benefits	18	1.747.433	2.900.000
- Other short-term provisions	14	12.412.524	11.878.030
Subtotal		553.236.289	397.884.020
Liabilities as held for sales	15	--	13.497.915
Total Short-Term Liabilities		553.236.289	411.381.935
Long-term financial borrowings	6	160.000.000	175.000.000
Long-term leasing borrowings	6	22.096.945	5.836.812
-Long-term leasing borrowings to related parties	28	4.488.922	4.977.568
-Long-term leasing borrowings to third parties		17.608.023	859.244
Long-term provisions		17.295.879	11.736.540
- Long-term provisions for employment benefits	18	17.295.879	11.736.540
Total Long-Term Liabilities		199.392.824	192.573.352
Total Liabilities		752.629.113	603.955.287
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		3.409.399	1.961.990
- Financial assets revaluation reserve	20	3.409.399	2.705.092
- Losses related to hedging from cash flow risk		--	(743.102)
Other comprehensive income or expenses that will not be reclassified subsequently to profit or loss	20	(2.812.064)	(749.631)
-Actuarial gains / (losses) in defined benefit plan		(2.812.064)	(749.631)
Restricted reserves	20	72.461.784	29.533.338
Prior years' profit		421.252.127	339.018.230
Profit for the period		223.190.334	167.274.341
Equity attributable to equity holders of the parent company		885.210.477	704.747.165
Total Equity		885.210.477	704.747.165
TOTAL LIABILITIES AND EQUITY		1.637.839.590	1.308.702.452

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 2021

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

	Notes	Audited	Audited
		1 January - 31 December 2021	1 January - 31 December 2020
Profit or loss			
Continuing operations			
Sales	21	1.091.763.568	802.944.100
Cost of sales (-)	21	(772.830.339)	(549.262.358)
Gross Profit From Continuing Operations		318.933.229	253.681.742
Marketing expenses (-)	22	(103.101.813)	(59.308.229)
General administrative expenses (-)	22	(83.037.369)	(73.396.832)
Research and development expenses (-)	22	(1.780.780)	(1.166.189)
Other income from operating activities	23	71.024.074	31.712.188
Other expenses from operating activities (-)	23	(63.887.442)	(29.672.500)
Operating profit from continuing operations		138.149.899	121.850.180
Income from investing activities	24	2.249.385	1.394.244
Expenses from investing activities (-)	24	(205.051)	(62.573)
Operating profit before finance expense		140.194.233	123.181.851
Finance income	25	161.685.339	33.529.593
Finance expense (-)	25	(147.581.571)	(60.004.748)
Finance expense, net		14.103.768	(26.475.155)
Profit before tax		154.298.001	96.706.696
Tax expense		3.328.549	(25.393.533)
Current tax expense	26	(9.394.735)	(25.928.355)
Deferred tax expense	26	12.723.284	534.822
Profit for the period from continuing operations		157.626.550	71.312.163
Profit / (loss) for the period from discontinued operations	15	65.563.784	95.961.178
Profit for the period		223.190.334	167.274.341
Earnings per share		1,64	1,23
Earnings per common and diluted share from continuing operations	27	1,16	0,52
Earnings / (losses) per common and diluted share from discontinued operations	27	0,48	0,71
Other comprehensive income:			
Gains / (losses) in revaluation reserve		704.307	1.770.776
Losses related to hedging from cash flow risk		743.102	5.308.194
Actuarial gains /(losses) on employee benefits		(2.062.433)	(58.059)
Total other comprehensive income		(615.024)	7.020.911
Total comprehensive income		222.575.310	174.295.252

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 2021**

(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 Not to Be Reclassified to Profit or Loss	Restricted Profit Reserves	Net Profit For the Period	Retained Earnings	Total Equity
Balance as at 1 January 2020	136.000.000	21.601.088	10.107.809	934.316	(6.051.296)	(691.572)	95.621.022	66.155.440	236.908.106	560.584.913
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)
Balance as at 31 December 2020	136.000.000	21.601.088	10.107.809	2.705.092	(743.102)	(749.631)	29.533.338	167.274.341	339.018.230	704.747.165
Balance as at 1 January 2021	136.000.000	21.601.088	10.107.809	2.705.092	(743.102)	(749.631)	29.533.338	167.274.341	339.018.230	704.747.165
Transfers	--	--	--	--	--	--	42.928.446	(167.274.341)	124.345.895	--
Total comprehensive income	--	--	--	704.307	743.102	(2.062.433)	--	223.190.334	--	222.575.310
Dividend	--	--	--	--	--	--	--	--	(42.111.998)	(42.111.998)
Balance as at 31 December 2021	136.000.000	21.601.088	10.107.809	3.409.399	--	(2.812.064)	72.461.784	223.190.334	421.252.127	885.210.477

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

TAT GIDA SANAYİ A.Ş.**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

	Notes	Audited	Audited
		1 January - 31 December 2021	1 January - 31 December 2020
Continuing profit before tax	6	157.626.550	71.313.163
Discontinued operations profit		65.563.784	95.961.178
Adjustments to reconcile profit for the period:			
Adjustments related to depreciation and amortization expenses	11,12	19.890.887	25.405.030
Adjustments related to impairment			
<i>Adjustments related to impairment of stocks</i>	9	1.974.019	200.000
<i>Adjustments related to provisions</i>			
<i>Adjustments related to provision for employee termination benefit</i>	18	4.897.749	6.367.198
<i>Adjustments related to other provisions</i>	14	534.494	8.497.112
Adjustments related to gain or loss on sales of property, plant and equipment	24	96.036	(869.641)
Adjustment related to gain on available for sales	15	(69.041.724)	(86.365.490)
Adjustments related to income accruals	19	(8.147.515)	(763.400)
Adjustments related to increase in fair value of derivatives	16	(9.576.035)	(416.507)
Adjustments related to tax expense	26	(3.328.549)	25.393.533
Unrealized foreign exchange loss		21.132.999	1.771.992
Discount expense		(5.185.690)	(2.753.867)
Discount income		8.022.824	2.067.800
Interest income	25	(15.867.768)	(7.078.503)
Interest expense	25	38.794.911	35.901.623
Changes in working capital		207.386.972	174.631.221
Adjustments related to changes in trade receivables and other receivables		(20.458.289)	(10.930.658)
Adjustments related to changes in due from related parties		(4.467.888)	(52.831.151)
Adjustments related to changes in inventories		(221.985.895)	(78.035.820)
Adjustments related to changes in prepaid expenses		(16.486.699)	(6.180.204)
Adjustments related to changes in other current and non-current assets		(10.118.697)	(9.649.074)
Adjustments related to changes in trade payables		29.074.850	29.752.041
Adjustments related to changes due to related parties		7.289.776	9.082.267
Adjustments related to changes in deferred income		1.869.620	1.977.840
Adjustments related to changes in employee benefit payables		(66.293)	(7.260.369)
Adjustments related to changes in other current liabilities		1.978.364	(2.186.806)
Cash flows from operating activities		(25.984.179)	48.369.287
Employee termination benefits paid	18	(2.553.410)	(3.296.961)
Taxes refund / (paid)	26	(28.392.959)	(24.238.952)
Net cash flows (used in)/from operating activities		(56.930.548)	20.833.374
Investing activities:			
Interest gained	25	15.867.768	7.078.503
Property, plant and equipment and intangible asset acquisitions	11,12	(155.397.255)	(21.139.565)
Cash generated from sale of property, plant and equipment and intangible assets		168.381	1.066.036
Dividend received		182.128.321	88.696.440
Net cash used in investing activities		42.767.215	75.701.414
Financing activities:			
Cash outflow due to leasing		(10.277.424)	(6.513.378)
Cash inflows due to loan received	6	255.412.950	321.008.485
Cash outflows due to loan received	6	(177.064.128)	(236.566.018)
Interest paid		(26.362.272)	(34.195.396)
Dividend paid	20	(42.111.998)	(30.133.000)
Net cash (used in)/from financing activities		(402.872)	13.600.693
Net change in cash and cash equivalents		(14.566.205)	110.135.481
Cash and cash equivalents at the beginning of the period	4	120.612.224	10.476.743
Cash and cash equivalents at the ending of the period	4	106.046.019	120.612.224

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 2021**

(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 2021 - 2025 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 41.40%.

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

The domestic marketing and sales activities of the Company are performed mostly 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 2021 and 31 December 2020, the number of end-of-period, average, permanent and temporary personnel employed within the Company is as follows:

	2021		2020	
	End of Period	Average	End of Period	Average
Total	653	1.025	849	1.084
Permanent Personnel	426	467	720	727
Temporary Personnel	227	558	129	357

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

(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 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.

Pursuant to the announcement made by the POA on January 20, 2022, since the cumulative change in the general purchasing power of the last three years according to the Consumer Price Index (“CPI”) is 74.41%, it was stated that the companies applying TFRS for 2021, would not need to make any adjustments within the scope of the TAS 29 Financial Reporting In High Inflation Economies Standard. Therefore, while preparing the financial statements as of 31 December 2021, no inflation adjustment was made according to TAS 29.

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);

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

(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 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,
- 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 2021	31 December 2020
Euro / TL	15,0867	9,0079
US Dollar / TL	13,3290	7,3405

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 2021 is approved by the Board of Directos on 11 February 2022. 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.

TAT GIDA SANAYİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(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 31 December 2021 are the same as the accounting policies applied in the financial statements as of the year ending 31 December 2020.

2.5 Standards issued but not yet effective and not early adopted

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.

COVID-19-Related Rent Concessions beyond 30 June 2021 (the 2021 amendment)

International Standard Board (IASB) has extended the practical expedient by 12 months – permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022. The original amendment was issued in May 2020 to make it easier for lessees to account for covid-19-related rent concessions, such as rent holidays and temporary rent reductions, while continuing to provide useful information about their leases to investors. Related changes were published by POA as Amendments to TFRS 16 on 5 June 2020.

The amendment is effective for annual reporting periods beginning on or after 1 April 2021. Lessees are permitted to apply it early, including in financial statements not authorised for issue as of 31 March 2021 the date of publication of this amendment. In other words, if the financial statements for the accounting periods before the date of publication of the amendment have not yet been issued, it is possible to apply this amendment for the relevant financial statements. The 2021 amendments are applied retrospectively with the cumulative effect of initially applying it being recognised in opening retained earnings.

The original version of the practical expedient was, and remains, optional. However, the 2021 amendments are, in effect, not optional. This is because a lessee that chose to apply the practical expedient introduced by the 2020 amendments has to consistently apply the extension to eligible contracts with similar characteristics and in similar circumstances.

This means that lessees will need to reverse previous lease modification accounting if a rent concession was ineligible for the original practical expedient under the 2020 amendments but becomes eligible as a result of the extension.

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. And then, TFRS 3 amendment was issued on 27 July 2020 by POA to reflect these amendments.

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

TAT GIDA SANAYİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(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)

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

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. And then, TAS 16 amendment was issued on 27 July 2020 by POA to reflect these amendments.

The Company shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. The amendments apply retrospectively, but only to items of Property, Plant and Equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

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. And then, TAS 37 amendment was issued on 27 July 2020 by POA to reflect these amendments.

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. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated.

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

(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)****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, IASB decided to defer the effective date of IAS 1 until 1 January 2023 with the amendment published on 15 July 2020, and the amendment was issued by POA on 15 January 2021.

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

Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction**Amendments to TAS 12 Income Taxes**

In May 2021 IASB issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction, which amended IAS 12 Income Taxes. Related changes were published by POA as Amendments to TAS 12 on 27 August 2021.

The amendments to TAS 12 Income Taxes clarify how companies should account for deferred tax on certain transactions – e.g. leases and decommissioning provisions.

The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. The amendments clarify that the exemption does not apply to transactions such as leases and decommissioning obligations. These transactions give rise to equal and offsetting temporary differences.

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

(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)****Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Continued)****Amendments to TAS 12 Income Taxes (Continued)**

For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. If a company previously accounted for deferred tax on leases and decommissioning liabilities under the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

The Company is assessing the potential impact on its financial statements resulting from the application of the amendments to Amendments to TAS 12.

Definition of Accounting Estimates (Amendments to TAS 8)

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty which is issued by IASB on 12 February 2021. Related changes were published by POA as Amendments to TAS 8 on 11 August 2021.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

Developing an accounting estimate includes both:

- selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and
- choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying TAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

The Company is assessing the potential impact on its financial statements resulting from the application of the amendments to Amendments to TAS 8)

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

(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)****Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Continued)****Disclosure of Accounting Policies (Amendments to TAS 1)**

IASB has issued amendments to IAS 1 Presentation of Financial Statements and an update to IFRS Practice Statement 2 Making Materiality Judgements to help companies provide useful accounting policy disclosures on 12 February 2021. Among these amendments, the ones related to TAS 1 were published by POA as Amendments to TAS 1 on 11 August 2021.

The key amendments to TAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments are effective from 1 January 2023, but companies can apply it earlier.

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

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 2021**

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

Note 2 – Basis of Presentation of Financial Statements (Continued)**2.6 Significant accounting policies****Annual Improvements to TFRS Standards 2018–2020 (Continued)****Improvements to TFRSs (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

Amendments are effective on 1 January 2021

Changes that have become effective and have been adopted for annual periods beginning on or after 1 January 2021:

Interest Rate Benchmark Reform – Phase 2 – Amendments to TFRS 9 Financial Instruments, TAS 39 Financial Instruments: Recognition and Measurement, TFRS 7 Financial Instruments: Disclosures, TFRS 4 Insurance Contracts and TFRS 16 Leases

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 2021**

(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 2021**

(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 4-10 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 (5-10 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 2021**

(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.

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.

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

(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)**

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 dairy 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 2020 and 1 January - 31 December 2021 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).

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.

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.

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

(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)**

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. 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.

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.

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

(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)**

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:

- 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 Company'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, (i) for a financial asset acquired at a discount or premium to its contractual par amount, (ii) 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 (iii).

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

(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)****(ii) Classification and subsequent measurement (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.

Financial liabilities – Classification, subsequent measurement and gains and losses

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.

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

(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)****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.

Financial liabilities

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 Company 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.

v) 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.

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

(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)**

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.

Company's other derivative financial instruments consist of forward transactions. These derivatives are accounted for as trading derivative financial instruments in the financial statements, since they do not meet the necessary conditions in the relevant standards in terms of protection against financial risk, although they provide an effective protection against risks for the Company economically. Company has determined the estimated fair values of financial instruments using already available market information and appropriate valuation principles.

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.

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

(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)****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 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.

TAT GIDA SANAYİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(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)

Revenue from Contracts with Customers

IFRS 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:

- (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.

TAT GIDA SANAYİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(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)

Revenue from Contracts with Customers (Continued)

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
- 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.

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

(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)****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.

Sales of Goods

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.

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.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in TFRS 16.

As a Lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

(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)****As a Lessee (Continued)**

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

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

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

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

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

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

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

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

(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)****Leases (Continued)****Short-term leases and leases of low-value assets**

The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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.

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.

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

Note 2 – Basis of Presentation of Financial Statements (Continued)**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.

Note 3 – Segment Reporting**Primary reporting format - business segment**

In addition to the industrial segment reporting, the company discloses the details of the revenue for the period on the basis of the geographical locations in Note:21 for domestic and international sales. However, it has been concluded that the activities do not have the feature of a reportable segment in terms of geographical regions since all of the Company's reportable assets and liabilities are located in Turkey. 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 2020. The assets of Pastavilla business line for the period 1 January - 31 December 2020 are classified under "Assets as held for sales" (Note 15).

With the public announcement made on 6 January 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 dairy product segment.

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

Note 3 – Segment Reporting (Continued)**Primary reporting format - business segment (Continued)**

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 2020 and from 1 January to 31 December 2021. 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 835.440.865 for the period ending on 31 December 2021 (31 December 2020: TL 1.173.618.402).

a) Revenue segmental analysis for the year ended 1 January - 31 December 2021 and 2020

	2021	2020
Tomato paste and canned products	1.091.763.568	802.944.100
Discontinued operations (*)	186.049.310	693.660.368
<i>-Milk and milk products</i>	186.049.310	693.660.368
	1.277.812.878	1.496.604.468

(*) Based on the decision to exit the milk and milk products business as of 2021, all income and expenses arising from 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:

	2021	2020
Tomato paste and canned products	225.564.933	88.263.126
Discontinued operations	--	102.066.851
<i>-Milk and milk products</i>	--	102.066.851
Assets that cannot be allocated to segments	12.599.361	8.886.523
	238.164.294	199.216.500

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

Note 3 – Segment Reporting (Continued)**Primary reporting format - business segment (Continued)****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.

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:

	2021	2020
Tomato paste and canned products	12.731.369	8.443.071
Discontinued operations	1.988.112	11.563.558
<i>-Milk and milk products</i>	1.988.112	11.563.558
<i>Depreciation and amortization charges that cannot be allocated to segments</i>	7.159.518	5.398.542
	21.878.999	25.405.171

As at 31 December, investment expenditures for the industrial segment assets are as follows:

	2021	2020
Tomato paste and canned products	130.734.914	36.593.050
Discontinued operations	306.028	2.460.188
<i>-Milk and milk products</i>	306.028	2.460.188
<i>Investment expenditures that cannot be allocated to segments</i>	3.216.822	690.307
	134.257.764	39.743.545

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

(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:

	2021	2020
Banks	106.046.019	120.612.224
- Time deposit – TL	43.700.000	60.531.823
- Time deposit – foreign currency	54.516.335	60.059.489
- Demand deposit – TL	7.829.684	20.912
	106.046.019	120.612.224

The maturity of time deposits varies between January 3, 2022 and January 28, 2022, with interest rates of TL 26,00%, USD 1,10%, Euro 0,50% and 0,01%. (31 December 2020: 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).

As of 31 December 2021, there is no blockage on cash and cash equivalents. (2020: 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:

	%	2021	%	2020
Fair value change reflected in other comprehensive income - equity instruments				
Ram	7,5	4.570.575	7,5	3.829.200
Düzey	1,1	544.641	1,1	544.641
Others		7.733		7.733
		5.122.949		4.381.574

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

(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:

	2021	2020
Short-term loans	92.401.001	42.383.179
Short term portions of long-term loans	145.244.849	2.881.148
Short-term portions of long-term issued bonds	1.900.000	70.350.384
Short-term leasing liabilities	5.618.972	6.593.978
Total short-term borrowings	245.164.822	122.208.689
Long-term loans	110.000.000	175.000.000
Long-term issued bonds	50.000.000	--
Long-term leasing liabilities	22.096.945	5.836.812
Total long-term financial borrowings	182.096.945	180.836.812
	427.261.767	303.045.501

The Company does not have any pledges or mortgages given for its financial liabilities (31 December 2020: 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 2021 Net Book Value (TL)
Short term financial borrowings			
TL borrowings	10,02%	184.233.850	184.233.850
USD borrowings	1,15%	4.000.000	53.412.000
Bond issued (*)		1.900.000	1.900.000
			239.545.850
Long term financial borrowings			
TL borrowings	19,81%	110.000.000	110.000.000
Bond issued (**)	19,00%	50.000.000	50.000.000
			160.000.000

* It includes the coupon interest of the long-term issued bond.

** In the scope of exportation limit with the Capital Market Board's resolution dated July 8, 2021 and numbered 36/1059, the Company exported bond on 18 October 2021 which was TL 50.000.00, redemption date of 18.04.2023 and annual 19% fixed interest coupon payment.

	The weighted average interest rate	Original Amount	31 December 2020 Net Book Value (TL)
Short term financial borrowings			
TL borrowings	3,88%	45.264.327	45.264.327
Bond issued	16,92%	70.350.384	70.350.384
			115.614.711
Long term financial borrowings			
TL borrowings	9,64%	175.000.000	175.000.000
			175.000.000

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

Note 6 – Borrowings (Continued)

As at 31 December, long-term loans denominated in TL currency payment plan is as follows:

	2021	2020
To be paid on demand or within 1 year	239.545.850	115.614.711
1-2 years	160.000.000	175.000.000
	399.545.850	290.614.711

As at 31 December, long-term leasing liabilities payment plan is as follows:

	2021	2020
To be paid on demand or within 1 year	5.618.972	6.593.978
1-2 years	4.811.909	3.405.658
2-3 years	2.029.535	2.407.985
3-4 years	1.853.060	23.169
4-5 years	1.644.450	--
More than 5 years	11.757.991	--
	27.715.917	12.430.790

The cash flow statement of the Company's financing activities is as follows:

	2021	2020
Opening balance on January 1	290.614.711	204.400.884
<i>Cash transactions</i>		
Cash inflows from credit debts used	255.412.950	321.008.485
Cash outflow related to loan debt repayments	(177.064.128)	(236.566.018)
<i>Non-cash transactions</i>		
The cost of the redeemed value	8.913.317	1.771.360
Change in foreign exchange	21.669.000	--
31 December closing balance	399.545.850	290.614.711

Note 7 – Trade Receivables and Payables**Trade receivables**

The details of trade receivables are as follows as at 31 December:

	2021	2020
Trade receivables from related parties (Note 28)	433.602.270	429.134.382
Trade receivables	43.142.200	19.301.830
Provisions for doubtful receivables	(2.861.871)	(2.861.871)
	473.882.599	445.574.341

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

Note 7 – Trade Receivables and Payables (Continued)**Trade receivables (Continued)**

Movement of provision for doubtful receivables as of 31 December 2021 and 31 December 2020 are as follows:

The nature and level of risk in trade receivables are given in Note 25.

	2021	2020
Opening balance	(2.861.871)	(2.861.871)
Provisions made during the year	--	--
	(2.861.871)	(2.861.871)

Trade Payables

As at 31 December, details of trade payables are as follows:

	2021	2020
Suppliers	208.762.746	171.665.072
Trade payables to related parties (Note 28)	49.053.751	41.763.975
	257.816.497	213.429.047

Note 8 – Other Receivables and Payables

As at 31 December, other receivables and payables are as follows:

	2021	2020
Short term other receivables		
Other receivables	2.875.061	1.071.452
	2.875.061	1.071.452

Long term other receivables

Deposits and guarantees given

	2021	2020
	68.085	68.085
	68.085	68.085

Payables to third parties:

Taxes and funds payable

	2021	2020
	7.322.626	8.793.205

Others

	2021	2020
	--	81.622

	2021	2020
	7.322.626	8.874.827

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

Note 9 – Inventories

As at 31 December, details of inventories are as follows:

	2021	2020
Raw material	61.566.164	29.746.133
Finished goods	568.003.230	330.938.004
<i>-Tomato paste and canned products</i>	<i>568.003.230</i>	<i>330.938.004</i>
Other inventory	117.047	252.099
Inventory impairment	(2.091.066)	(200.000)
	627.595.375	360.736.236

As at 31 December 2021, the provision for inventory impairment in the amount of TL 1.891.066 was accounted for in the cost of sales. (2020: None)

As at 31 December 2021 and 2020, there are no assets pledged as collateral.

As at 31 December 2021, inventories are insured amounting to TL 654.408.207 (2020: TL 370.000.000).

Note 10 – Prepaid Expenses and Deferred Income

As at 31 December, details of prepaid expense and deferred income is as follows:

	2021	2020
Short-term prepaid expenses		
Expenses related to future months	11.438.879	5.040.446
Advances given for the purchase of inventory	17.767.691	7.679.425
	29.206.570	12.719.871
	2021	2020
Short-term deferred income		
Advances received	6.505.824	6.572.117
	6.505.824	6.572.117

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

(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 2021 and 31 December 2020 are as follows:

	1 January 2021	Additions	Disposals	Transfers	31 December 2021
Cost:					
Land	2.419.338	--	--	--	2.419.338
Land improvements	11.066.660	6.014.760	--	--	17.081.420
Buildings	33.101.697	10.315.861	--	--	43.417.558
Machinery and equipment	202.587.763	116.921.569	(346.059)	--	319.163.273
Vehicles	815.265	281.282	--	--	1.096.547
Furniture and fixtures	23.074.796	4.007.888	(65.120)	--	27.017.564
Leasehold improvements	10.006.392	205.659	--	--	10.212.051
Construction in progress	--	13.904.497	--	--	13.904.497
	283.071.911	151.651.516	(411.179)	--	434.312.248

	1 January 2021	Current Year Charge	Disposals	Transfers	31 December 2021
Accumulated depreciation:					
Land improvements	3.262.605	359.250	--	--	3.621.855
Buildings	23.733.799	769.944	--	--	24.503.743
Machinery and equipment	139.921.915	9.230.144	(127.368)	--	149.024.691
Vehicles	536.184	63.306	--	--	599.490
Furniture and fixtures	16.592.083	1.226.261	(19.394)	--	17.798.950
Leasehold improvements	8.995.234	341.276	--	--	9.336.510
	193.041.820	11.990.181	(146.762)	--	204.885.239
Net book value	90.030.091				229.427.009

As at 31 December 2021, tangible assets are insured amounting to TL 873.586.241 (2020: TL 1.189.050.000).

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

(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
Cost:						
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)	--	--
	454.619.764	20.446.832	(9.787.592)	(852.258)	(181.354.835)	283.071.911
	1 January 2020	Current Year Charge	Disposals	Transfers (*)	Classifications (**)	31 December 2020
Accumulated depreciation:						
Land improvements	3.327.862	264.739	--	--	(329.996)	3.262.605
Buildings	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
	266.479.426	16.673.305	(9.591.197)	--	(80.519.714)	193.041.820
Net book value	188.140.338					90.030.091

(*) There is a 852.258 TL transfer from construction in progress to intangible assets.

(**) 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 of 31 December 2020, tangible assets are insured amounting to TL 1.189.050.000 .

For the year ended 31 December 2021, depreciation expenses amounting to TL 11.055.180 (31 December 2020: TL 14.814.443) has been recognized under cost of sales, TL 865.956 (31 December 2020: TL 1.427.076) has been recognized under general administrative expenses, TL 54.981 (31 December 2020: TL 158.725) has been recognized under research and development expenses and TL 14.064 (31 December 2020: TL 184.306) 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	4-10 years
Leasehold improvements	5 years

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

Note 12 – Intangible Assets

For the years ended 31 December the movements of intangible assets and related accumulated amortization are as follows:

	1 January 2021	Additions	Disposals	Transfers	31 December 2021
Cost:					
Rights	9.849.787	2.829.067	--	--	12.678.854
Other intangible assets	1.709.220	977.872	(61.200)	--	2.625.892
	11.559.007	3.806.939	(61.200)	--	15.304.746
	1 January 2021	Additions	Disposals	Transfers	31 December 2021
Accumulated Amortization:					
Rights	4.140.949	1.778.447	--	--	5.919.396
Other intangible asset	298.499	349.566	--	--	648.065
	4.439.448	2.128.013	--	--	6.567.461
Net Book Value	7.119.559				8.737.285
	1 January 2020	Additions	Transfers	Classification (*)	31 December 2020
Cost:					
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
	13.840.079	692.733	852.258	(3.826.063)	11.559.007
	1 January 2020	Additions	Transfers	Classification (*)	31 December 2020
Accumulated Amortization:					
Rights	4.546.397	1.188.167	--	(2.594.333)	4.140.949
Other intangible asset	167.384	131.115	--	--	298.499
	5.714.499	1.319.282	--	(2.594.333)	4.439.448
Net Book Value	8.125.580				7.119.559

(*) 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 2021, all of the amortization expenses amounting to TL 2.128.013 (2020: TL 1.319.282) 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, 2021, there is no arrears were capitalized in intangible assets (2020: 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 2021**

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

Note 12 – Intangible Assets (Continued)

Right of use assets as of 31 December 2021 are as follows;

Cost:	1 January 2021	Additions	Disposals (-)	Transfers	31 December 2021
Buildings	11.143.825	17.945.117	(2.566.376)	--	26.522.566
Machinery and equipment	49.566	--	--	--	49.566
Vehicles	5.811.099	2.349.790	(406.095)	--	7.754.794
Furniture and fixtures	2.843.163	1.260.281	(341.003)	--	3.762.441
	19.847.653	21.555.188	(3.313.474)	--	38.089.367

Accumulated Amortization:	1 January 2021	Additions	Disposals (-)	Transfers	31 December 2021
Builsings	4.703.781	3.428.636	(1.955.243)	--	6.177.174
Machinery and equipment	49.566	--	--	--	49.566
Vehicles	3.018.940	1.440.867	(136.199)	--	4.323.608
Furniture and fixtures	1.353.050	903.190	(198.918)	--	2.057.322
	9.125.337	5.772.693	(2.290.360)	--	12.607.670
Net book value	10.722.316				25.481.697

Cost:	1 January 2020	Additions	Disposals (-) (*)	Transfers	31 December 2020
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
	27.055.516	3.910.719	(10.341.967)	(776.615)	19.847.653

Accumulated Amortization:	1 January 2020	Additions	Disposals (-) (*)	Transfers	31 December 2020
Buildings	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
	5.640.015	7.412.443	(3.645.554)	(281.567)	9.125.337
Net book value	21.415.501				10.722.316

(*) It is the effect of adjustments made as of 31 December 2020, depending on the classification of all related assets related to milk and milk products as held for sale.

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

(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.

Note 14 – Commitments and Contingent Assets and Liabilities

As at 31 December, the details of the provisions are as follows:

	2021	2020
Provisions		
Provisions for lawsuits	4.641.000	4.641.000
Provision for sales expenses	4.407.670	2.983.082
Provision for Other Administrative Expenses	295.551	1.096.120
Shipping allowance	274.102	503.907
Provisions provided to employees	--	316.000
Other provisions	2.794.201	2.337.921
	12.412.524	11.878.030

The movements of provisions as of years ended 31 December are as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Provisions for lawsuits		
Opening balance	4.641.000	2.341.000
Additions during the period	--	2.300.000
	4.641.000	4.641.000

Note 15 – Assets Classified As Held For Sale

With the material event disclosure declared on 14 March 2021, the Company announced that preconditions specified in the transfer agreement regarding transfer transactions of the facilities located in Bursa province Mustafakemalpaşa district and Aydın province Söke district, and the real estate where these facilities are located on, machinery and equipment exist in these facilities, all intellectual property rights included SEK brand which are related to milk and dairy products business unit, domain names and social media accounts, inventory, related business unit personnel and some related procurement and subcontractor contracts related to the milk and dairy products business unit have been fulfilled. After deducting the rights of the transferred employees from the sales price specified in the contract and other adjustments, a total of 218,3 million TL + VAT was collected and the title deed registration procedures were completed as of 12 March 2021 with the approval of the competition authority dated 5 March 2021.

With the material event disclosure declared on 1 April 2021, an agreement has been reached with the buyer on the stocks, and as a result of the calculations, the estimated stock value in the contract and the stocks to be sold by our company and the packaging that the buyer can not use etc. About 36 million TL was paid to the buyer for the difference between the actual stock value transferred after products, and the payment transactions related to the transfer were completed.

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

Note 15 – Assets Classified As Held For Sale (Continued)

As of 31 December, the details of the Company's assets held for sale are as follows:

	31 December 2021	31 December 2020
Tangible fixed asset used in production activities	--	100.835.121
Intangible assets, stocks and other assets classified as non-current assets held for sale	--	59.476.517
	--	160.311.638
Liabilities held for sale (long-term employee benefits and other liabilities)	--	(13.497.915)
	--	146.813.723

Details of period profit / (loss) from discontinued operations as of 31 December are as follows:

	1 January-31 December 2021		
	Milk and milk products	Pasta and bakery products	Total
Sales revenues	186.049.310	--	186.049.310
Cost of sales	(171.631.288)	--	(171.631.288)
Gross operating profit	14.418.022	--	14.418.022
Marketing expenses (-)	(11.316.273)	202	(11.316.071)
General and administrative expenses (-)	(2.563.177)	122	(2.563.055)
Research and development expenses (-)	(86.866)	--	(86.866)
Operating profit	451.706	324	452.030
Other income from operating activities	12.803.536	--	12.803.536
Other expenses from operating activities (-)	(9.886.153)	(249.862)	(10.136.015)
Real operating profit	3.369.089	(249.538)	3.119.551
Other income from investment activities (*)	--	--	--
Other expenses from investment activities (-)	(605.581)	--	(605.581)
Financing expenses. net	(103.395)	--	(103.395)
Discontinued operating profit before tax (*)	2.660.113	(249.538)	2.410.575
Tax expense (*)	(5.888.515)	--	(5.888.515)
Profit / (loss) from discontinued operations	(3.228.402)	(249.538)	(3.477.940)
Income from the sale of non-current assets held for sale	182.128.321	--	182.128.321
Minus: Net asset value of non-current assets held for sales as at disposal date	113.086.597	--	113.086.597
Gain on sales of non-current assets held for sale	69.041.724	--	69.041.724
Profit / (loss) for the period from discontinued operations	65.813.322	(249.538)	65.563.784

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

Note 15 – Assets Classified As Held For Sale (Continued)

	1 January-31 December 2020		
	Milk and milk products	Pasta and bakery products	Total
Sales revenues	693.660.368	--	693.660.368
Cost of sales	(627.249.698)	--	(627.249.698)
Gross operating profit	66.410.670	--	66.410.670
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)
Operating profit	15.527.781	(1.013.202)	14.514.579
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)
Real operating profit	25.151.402	(6.766.473)	18.384.929
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)
Discontinued operating profit before tax (*)	24.698.054	79.599.017	104.297.071
Tax expense (*)	(489.536)	(7.846.357)	(8.335.893)
Profit / (loss) for the period from discontinued operations	24.208.518	71.752.660	95.961.178

(*) General expenses and corporate tax expense not directly attributable to a line of business are presented under continuing operations. Sales profit and related tax expense arising from the sale of fixed assets of the related business are presented under discontinued operations.

Note 16 – Derivative Instruments

Receivables from derivative instruments for the periods of 31 December 2021 and 31 December 2020 are as follows:

	31 December 2021	31 December 2020
Short term derivative instruments	9.063.664	416.506
Total derivative instruments receivables (*)	9.063.664	416.506

(*) Kısa vadeli türev alacakları yabancı para forward işlemlerinden oluşmaktadır.

As of 31 December derivative financial instrument liabilities arising from interest rate swap transactions are as follows:

	31 December 2021	31 December 2020
Short-term liabilities	--	928.877
Total derivatives liabilities	--	928.877

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

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 2021	31 December 2020
A. Total amount of TPMB given on behalf of own legal entity	98.624.653	41.154.578
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.	--	--
	98.624.653	41.154.578

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 98.624.653 (31 December 2020: TL 41.154.578).

The ratio of other TPMB given to the shareholders' equity is 0% as of 31 December 2021 (31 December 2020: 0%)

All guarantees are given by the company are in local currency and there is no any pledges and mortgages given.

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

Note 18 – Employee Benefits**Short term employee benefits**

	31 December 2021	31 December 2020
Employee benefit payables		
Due to personnel	2.429.354	5.099.004
Social security withholdings payable	2.046.409	2.329.256
	4.475.763	7.428.260
Short-term provisions for employment benefits:		
Provision for unused vacation	1.747.433	2.900.000
	1.747.433	2.900.000

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 10.848,59 for each period of service at 31 December 2021 (31 December 2020: TL 7.177,17).

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 2021, 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 %15 and interest rate of %20 and a discount rate of %4,40 resulting in a real discount rate of approximately (31 December 2020: %4,63).

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

Note 18 – 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.

As the maximum liability is revised semiannually, the maximum amount of TL 10.848,59 effective from 31 December 2021 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 2021	1 January – 31 December 2020
Opening balance	11.736.540	16.819.694
Service cost	3.221.503	3.334.314
Interest cost	2.313.205	2.449.003
Paid in the period	(2.553.410)	(3.296.961)
Actuarial gains / (losses)	2.578.041	(74.435)
Business sales decision effect	--	(7.495.075)
	17.295.879	11.736.540

Note 19 – Other Assets and Liabilities

As at 31 December, other current / non-current assets and short / long-term liabilities are as follows:

	2021	2020
Other current assets:		
VAT transferred	78.435.679	57.340.425
Income Accruals	17.857.822	9.710.307
VAT receivables arising from exports	4.097.290	3.693.130
Others	755.793	639.982
	101.146.584	71.383.844
	2021	2020
Other non-current assets:		
Fixed asset advance paid	294.817	18.580.385
	294.817	18.580.385

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

Note 20 – Shareholders' Equity**a) Share Capital**

The Company's share capital of year 2021 consists of 13.600.000.000 number of shares and there is no preferred stock (2020: 13.600.000.000 number of shares).

As at 31 December, the shareholders and paid-in capital with the historical values are as follows:

	%	2021	%	2020
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
Total Share Capital	100	136.000.000	100	136.000.000
Capital Correction Differences		21.601.088		21.601.088
Adjusted Capital		157.601.088		157.601.088

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 2021, 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 2020: 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 2021, the share of the Company's share in the financial statements is TL 10.107.809 (31 December 2020: 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.

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

Note 20 – Shareholders' Equity (Continued)

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 2021 and 2020, the Company's details of restricted reserves are as follows:

	31 December 2021	31 December 2020
Legal reserves	33.064.538	29.533.338
Special reserves	39.397.246	--
Total	72.461.784	29.533.338

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.

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 2021, actuarial loss amounting to TL 2.812.064 is recognized as other comprehensive income (31 December 2020: actuarial loss amounting to TL 749.631).

e) Accumulated other comprehensive income or expenses to be reclassified to profit or loss*Financial asset revaluation and classification gains:*

As of 31 December 2021, it consists of revaluation and reclassification gains on financial assets amounting to TL 3.409.399 (31 December 2020: TL 2.705.092).

Losses related to cash flow hedging:

As of 31 December 2021, None. (31 December 2020: TL 743.102).

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

Note 20 – Shareholders' Equity (Continued)**f) Dividend distribution**

According to the decision taken at the Ordinary General Assembly meeting held on 19 March 2021, the Company allocated legal reserves in the amount of TL 3.531.200, special reserves in the amount of TL 39.397.246, and extraordinary reserves in the amount of TL 82.233.897 from the net profit for the year 2020, amounting to TL 167.274.341. The remaining net profit amounting to TL 42.111.998 was distributed as dividends. (31 December 2020: A total of 30,133,000 TL cash dividend).

Note 21 – Sales and Cost of Sales

As at 31 December, details of revenue and sales cost are as follows:

	2021	2020
Domestic sales	776.483.249	600.122.017
Foreign sales	340.682.158	217.258.989
Sales returns and discounts	(25.401.839)	(14.436.906)
Net sales	1.091.763.568	802.944.100
Raw material costs	(724.151.402)	(508.976.237)
Labor costs	(66.774.570)	(41.790.952)
General production expenses	(104.720.001)	(57.337.638)
Depreciation costs	(11.223.134)	(7.161.902)
Change in inventory	134.038.768	66.004.371
Cost of sales	(772.830.339)	(549.262.358)
Gross profit	318.933.229	253.681.742

Note 22 – Expenses By Nature

As at 31 December, details of research and development expenses are as follows:

	2021	2020
Research and development expenses:		
Personnel expenses	(1.264.508)	(931.620)
Depreciation expenses	(377.339)	(150.533)
Other	(138.933)	(84.036)
	(1.780.780)	(1.166.189)

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

Note 22 – Expenses By Nature (Continued)**c) Restricted reserves (Continued)**

As at 31 December, details of marketing, selling and distribution expenses are as follows:

	2021	2020
Marketing, Sales and Distribution Expenses:		
Advertising expenses	(29.898.333)	(14.042.187)
Shipping and insurance expenses	(23.721.113)	(12.730.117)
Personnel expenses	(18.741.386)	(11.331.778)
Export expenses	(11.604.266)	(4.328.805)
Action, sale, incentive and gondola participation costs	(7.110.891)	(5.706.606)
Sales support expenses	(5.756.503)	(5.884.456)
Subcontracting expenses	(4.434.233)	(3.324.143)
Other	(1.835.088)	(1.960.137)
	(103.101.813)	(59.308.229)

As at 31 December, the details of general and administrative expenses are as follows:

	2021	2020
General and administrative expenses:		
	(30.594.004)	(33.574.857)
Personnel expenses	(15.031.147)	(11.779.098)
Consultancy and lawsuit expenses	(8.611.201)	(7.138.010)
Information technology expenses	(8.290.414)	(6.495.405)
Depreciation and amortization	(6.092.727)	(3.479.777)
Severance expense	(4.745.893)	(3.676.701)
Administrative expenses	(1.885.088)	(519.365)
Tax and duties expenses	(1.558.909)	(1.441.781)
Repair and maintenance expenses	(1.223.555)	(618.954)
Transport, travel expenses	(5.004.431)	(4.672.884)
Other	(83.037.369)	(73.396.832)

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

Note 23 – Other Income and Expenses from Operating Activities

As at 31 December, details of other income and profits are as follows:

	2021	2020
Other Operating Income		
Term differences interest income from trading activities	35.584.396	19.013.938
Foreign exchange gain on trading activities	27.548.404	9.033.509
Others	7.891.274	3.664.741
	71.024.074	31.712.188

As at 31 December, details of other expenses are as follows:

	2021	2020
Other Operating Expense		
Term differences interest expense of trading activities	(16.508.611)	(7.422.791)
Expenses due from provisions of lawsuit and others	(3.639.666)	(3.394.211)
Foreign exchange loss on trading activities	(33.339.140)	(14.018.234)
Others	(10.400.025)	(4.837.264)
	(63.887.442)	(29.672.500)

Note 24 – Income and Expenses from Investing Activities

As at 31 December, investment income and profits from operations is as follows:

	2021	2020
Income from Investing Activities		
Dividend income	1.499.998	--
Rent income	640.372	462.030
Gain on sale of property, plant and equipment	109.015	932.214
	2.249.385	1.394.244

As at 31 December, investment loss and expense from operations is as follows:

	2021	2020
Expenses from investing activities		
Loss on sale of property, plant and equipment	(205.051)	(62.573)
	(205.051)	(62.573)

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

Note 25 – Financial Income and Expenses

As at 31 December, financial incomes are as follows:

	2021	2020
Foreign exchange gains	145.768.113	26.451.090
Interest income on bank deposits	15.867.768	7.078.503
Other	49.458	--
	161.685.339	33.529.593

The financial expenses for the years ended 31 December are as follows:

	2021	2020
Foreign exchange expenses	(107.794.842)	(22.084.807)
Bank loans interest expenses	(26.590.936)	(19.946.499)
Bond interest expense	(8.153.224)	(7.779.799)
Leasing liabilities interest expenses	(3.519.321)	(1.706.227)
Derivatives interest expense	(531.430)	(6.469.098)
Other	(991.818)	(2.018.318)
	(147.581.571)	(60.004.748)

Note 26 – Tax Assests and Liabilities

	1 January - 31 December 2021	1 January - 31 December 2020
Current tax expense	(20.649.966)	(33.774.712)
Discontinued operations tax expense	12.271.203	7.846.357
Deferred tax expense	19.105.972	45.286
Discontinued operations deferred tax expense	(6.382.688)	489.536
Other	(1.015.972)	--
Total tax expense	3.328.549	(25.393.533)
	31 December 2021	31 December 2020
<u>Current tax (asset) / liability</u>		
Prepaid taxes and funds (-)	(14.583.779)	(19.965.531)
Current corporate tax provision	20.649.966	33.774.711
	6.066.187	13.809.180

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

Note 26 – Tax Assests and Liabilities (Continued)*Corporate Tax*

The Company is subject to corporate tax applicable in Turkey. The Company has provided necessary provisions for the estimated tax liabilities regarding the current period operating results in the accompanying financial statements.

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

In Turkey, after 1 January 2021 the corporate tax rate has been applied %20 to the legal tax base which was calculated by adding the non deductible expenses and by deducting the exemptions in the tax laws in accordance with the tax laws. With the publication of Law No. 7316 on Certain Amendments to the Law on the Collection of Public Receivables and Certain Laws in the Official Gazette on April 22, 2021, the corporate tax rate applicable to income for the years 2021 and 2022 was modified as; 25% for the income derived in 2021, 23% for the income derived in 2022 and these rates will apply for the period starting within the relevant year for the taxpayers, subject to a special accounting period. This change is valid for the taxation of corporate earnings for the periods starting from 1 January 2021, starting with the declarations that must be submitted as of 1 July 2021. Since the tax rate change came into effect as of 22 April 2021, the tax rate was used as 25% in the calculations of the corporate tax in the financial statements dated 31 December 2021.

According to the amendment, deferred tax assets and liabilities included in the financial statements as at 31 December 2021 are calculated at the rates of 23% and 20%, respectively for the portions of temporary differences that will have tax effects in 2022 and the following periods.

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.

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.

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

Note 26 – Tax Assests and Liabilities (Continued)**Income withholding tax (Continued)**

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.

Investment Incentive Certificate dated 26.03.2020 and numbered 509964 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.

Investment Incentive Certificate dated 11.03.2021 and numbered 521238 has been obtained for the modernization investment of Bursa Karacabey 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 10.03.2021 and numbered 521171 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.

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.

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 25% for temporary differences in tax incurred in 2020 and 2021, and a temporary tax rate of 2021 and 20% in the next period.

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

Note 26 – Tax Assests and Liabilities (Continued)**Deferred Tax (Continued)**

The breakdown of total temporary differences and deferred tax assets and liabilities using current tax rates as of 31 December is as follows:

	2021	2020
Deferred tax assets / (liabilities):		
Severance pay liability	3.459.176	2.347.308
Difference between tax base and carry value of property, plant and equipment	5.894.497	(1.643.029)
Difference between tax base and carrying value of inventories	1.558.274	940.381
Doubtful receivables provisions	--	1.432
Provision for unused vacation	349.487	580.000
Sales expense provisions	881.534	596.616
Provision for litigation expenses	928.200	928.200
Maturity difference	7.914.230	575.878
Right of use assets and liabilities, net	446.844	807.978
Derivative instruments	(2.084.643)	102.474
Other	(455.723)	(262.908)
	18.891.876	4.974.330

There is no carry forward tax losses has been recognized as of 31 December 2021 (31 December 2020: None).

Movement of the deferred tax for the years ended 31 December 2021 and 31 December 2020 is as follows:

	2021	2020
Deferred tax assets movements:		
Opening balance as of January 1	4.974.330	1.034.826
Recognized directly in equity	292.764	(1.586.972)
Deferred tax income	12.723.284	534.822
Discontinued operations deferred tax expense	--	(489.536)
Classified to liabilities held for sale	--	5.481.190
Discontinued operations disposal from sales	901.498	--
	18.891.876	4.974.330

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

Note 26 – Tax Assessts and Liabilities (Continued)

Total charge for the year can be reconciled to the accounting profit as follows:

	%	31 December 2021	%	31 December 2020
The reconciliation of tax:				
Period profit from continuing operations		154.298.001		96.706.696
Period profit / (loss) from discontinued operations		71.452.298		104.297.070
Income tax rate	25	(56.437.575)	22	(44.220.829)
Tax effect of:				
- Nondeductible expenses		12.123.155		6.268.756
- Tax effect of government incentives and grants		39.673.791		4.145.171
- Other		2.080.663		77.477
Tax provision expense on income statement		(2.559.966)		(33.729.424)
Continuing activities tax expense		3.328.549		(25.393.533)
Discontinued operations tax expense		(5.888.515)		(8.335.891)

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:

	2021	2020
Net profit of the period for continuing operations	157.626.550	71.313.163
Net profit or loss of the period for discontinued operations	65.563.784	95.961.178
Average number of shares available during the period	136.000.000	136.000.000
Earning per common and diluted share due from continuing operations	1,16	0,52
Earnig/ (loss) per common and diluted share due from discontinued operations	0,48	0,71
Earning per common and diluted share	1,64	1,23

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:**

Yapı ve Kredi Bankası A.Ş.	2021	2020
Time Deposits	6.802.835	4.845.604
Current Deposits	7.822.690	14.861
	14.625.525	4.860.465

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

Note 28 – Related Party Transactions (Continued)**i) As at 31 December, the details of receivables and payables from related parties are as follows: (Continued)****b) Receivables from related parties:**

	2021	2020
Düzey (*)	408.572.926	414.039.680
Ram (**)	24.063.916	15.094.702
Other	965.428	--
	433.602.270	429.134.382

(*) 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:

Trade Payables	2021	2020
Zer Merkezi Hizmetler ve Ticaret A.Ş. (*)	19.337.955	18.953.194
Yapı Kredi Bankası A.Ş. (**)	15.122.654	15.613.101
Koç Sistem A.Ş.	4.057.654	2.120.882
Ram Dış Ticaret A.Ş.	2.860.469	--
Ingage Dijital Pazarlama A.Ş.	2.792.808	1.473.462
Ram Sigorta Aracılık Hizmetleri A.Ş.	1.395.871	9.555
Koç Digital Çözümler A.Ş.	1.015.964	--
Otokoç Otomotiv Tic.ve San.A.Ş.	1.002.904	775.401
Setur Servis Turistik A.Ş.	465.222	270.236
Koç Holding Emekli ve Yardım Sandığı	24.709	289.729
Temel Ticaret Yatırım A.Ş.	--	225.635
Eltek Elektrik Enerjisi İthalat İhracat	--	408.979
Others	977.541	1.623.975
	49.053.751	41.763.975
Other Payables		
Koç Holding A.Ş.	11.724.633	9.854.993
Total Trade and Payables	60.778.364	51.618.968

(*) 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 2021**

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

Note 28 – Related Party Transactions (Continued)**i) As at 31 December, the details of receivables and payables from related parties are as follows: (Continued)**

	2021	2020
Leasing borrowings		
Temel Ticaret Yatırım A.Ş.	4.987.550	6.200.549
Otokoç Otomotiv Tic.ve San.A.Ş.	3.368.008	3.433.934
Zer Merkezi Hizmetler ve Ticaret A.Ş.	--	176.269
Total leasing borrowings	8.355.558	9.810.752
Financial liabilities		
Yapı ve Kredi Bankası A.Ş.	21.589.001	1.631.929
Total financial liabilities	21.589.001	1.631.929

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:**

	2021	2020
Düzey (*)	835.440.865	1.173.618.402
Ram Dış Ticaret A.Ş.	109.707.611	77.889.825
Zer Merkezi Hizmetler ve Ticaret A.Ş.	1.113.971	--
	946.262.447	1.251.508.227

(*) 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 100 days (2020:90 days).

b) Purchases from related parties:

	2021	2020
Zer Merkezi Hizmetler ve Ticaret A.Ş. (*)	46.317.225	30.272.650
Koç Sistem A.Ş.	2.287.989	95.525
Koç Digital Çözümler A.Ş.	998.000	--
Opet Petrolcülük A.Ş.	977.633	854.666
Opet Fuchs Madeni Yağ San. ve Tic.	30.733	12.643
Others	235.921	--
	50.847.501	31.235.484

(*) The Company, obtains, media and packaging services from Zer Merkezi Hizmetler ve Ticaret A.Ş.

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

(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:**

	2021	2020
Zer Merkezi Hizmetler ve Ticaret A.Ş. (***)	46.907.903	60.958.390
Düzey	15.993.725	12.493.375
Koç Holding A.Ş. (**)	14.422.563	11.422.951
Koç Sistem A.Ş.	6.169.897	4.646.221
Ingage Dijital Pazarlama A.Ş.	5.288.880	3.657.380
Ram Dış Ticaret A.Ş.	3.949.879	2.451.778
Otokoç Otomotiv Tic. ve San. A.Ş.	2.907.145	2.534.415
Temel Ticaret ve Yatırım A.Ş.	2.814.912	2.109.052
Ram Sigorta Aracılık Hizmetleri A.Ş. (*)	1.945.919	799.472
Setur Servis Turistik A.Ş.	1.107.495	522.041
Eltek Elektrik Enerjisi İthalat İhracat	--	8.014.555
Others	406.919	505.148
	101.915.237	110.114.778

(*) 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:**

	2021	2020
Yapı ve Kredi Bankası A.Ş.	145.877	649.161
	145.877	649.161

b Interest expense:

	2021	2020
Yapı ve Kredi Bankası A.Ş.	1.592.250	--
	1.592.250	--

iv) As at 31 December, the details of significant sales to related parties and purchases from related parties are as follows:**a) Rental payments:**

	2021	2020
Temel Ticaret ve Yatırım A.Ş.	2.814.912	2.507.052
Otokoç Otomotiv Tic.Ve San.A.Ş.	2.416.026	2.205.855
Zer Merkezi Hiz.Ve Tic.A.Ş.	181.542	158.525
	5.412.480	4.871.432

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

Note 28 – Related Party Transactions (Continued)

iv) As at 31 December, the details of significant sales to related parties and purchases from related parties are as follows: *(Continued)*

b) Payments to key management:

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 2021, the total of benefits provided to Tat Gıda's senior executives is TL 16.587.803 (31 December 2020: TL 25.888.624). TL 3.387.786 of this amount (31 December 2020: 14.057.600 TL). 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 TL 14.240.575 (31 December 2020: TL 17.691.957). TL 2.791.928 of this amount (31 December 2020: TL 8.180.420) is related to the payments made due to leaving.

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 the 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:

	2021	2020
Total Liabilities (Note 6)	427.261.767	303.045.501
Less: Cash and cash equivalents (Note 4)	(106.046.019)	(120.612.224)
Net Debt	321.215.748	182.433.277
Total Equity	885.210.477	704.747.165
Net Liability/Equity	0,3629	0,2589

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.

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

(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)**

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.

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.

	Receivables					
	Trade Receivables		Trade Receivables		Deposits in Banks	Derivatives
	Related Party	Third Party	Related Party	Third Party		
31 December 2021						
Maximum credit risk exposure as of the reporting date (A + B + C + D + E)	433.602.270	40.280.329	--	2.943.146	106.046.019	9.063.664
- the portion of the maximum risk guaranteed by collateral.	--	1.733.043	--	--	--	--
A. Net book value of financial assets not overdue or impaired	320.093.772	35.910.948	--	2.943.146	106.046.019	9.063.664
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	113.508.498	2.636.338	--	--	--	--
- 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 2021**

(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					
	Trade Receivables		Trade Receivables		Deposits in Banks	Derivatives
	Related Party	Third Party	Related Party	Third Party		
31 December 2020						
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 2021**

(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)**

31 December 2021	Trade Receivables	Other Receivables	Deposits in banks	Others
Past due 1-30 days	89.447.904	--	--	--
Past due 1-3 months	26.268.396	--	--	--
Past due 3-12 months	428.536	--	--	--
Total past due receivables	116.144.836	--	--	--

31 December 2020	Trade Receivables	Other Receivables	Deposits in banks	Others
Past due 1-30 days	121.779.401	--	--	--
Past due 1-3 months	1.436.295	--	--	--
Past due 3-12 months	318.319	--	--	--
Total past due receivables	123.534.015	--	--	--

As of 31 December, letter of guarantees held for the trade receivables that are past due as but not provision booked is as follows:

	2021	2020
	Nominal Value	Nominal Value
The part under guarantee with collateral	1.733.043	2.624.931

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 2021**

(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 2021**

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)
Non-derivative financial liabilities						
Bank borrowings and issued bonds	307.144.849	442.355.099	132.229.703	108.755.798	201.369.598	--
Trade payables	208.762.746	208.762.746	208.762.746	--	--	--
Trade payables to related parties	49.053.751	49.053.751	49.053.751	--	--	--
Derivative financial liabilities						
Derivative instruments	--	--	--	--	--	--
Total liabilities	564.961.346	700.171.596	390.046.200	108.755.798	201.369.598	--

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)
Non-derivative financial liabilities						
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	--	--	--
Derivative financial liabilities						
Derivative instruments	928.877	928.877	928.877	--	--	--
Total liabilities	462.589.456	523.132.107	269.746.766	114.899.725	138.485.616	--

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 2021**

(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 2021	TL Equivalent	USD	Euro	Others
1. Trade receivables	93.341.335	4.618.087	2.069.232	31.668
2.a Monetary financial assets	62.324.585	1.335.809	2.950.916	--
2.b Non-monetary financial assets	--	--	--	--
3. Other	--	--	--	--
4. CURRENT ASSETS	155.665.920	5.953.896	5.020.148	31.668
5. Trade receivables	--	--	--	--
6.a Monetary financial assets	--	--	--	--
6.b Non-monetary financial assets	--	--	--	--
7. Other	--	--	--	--
8. NON-CURRENT ASSETS	--	--	--	--
9. TOTAL ASSETS	155.665.920	5.953.896	5.020.148	31.668
10. Trade payables	53.666.845	2.779.360	1.095.287	--
11. Financial liabilities	53.412.000	4.000.000	--	--
12.a Other monetary financial liabilities	342.530	25.652	--	--
12.b Other non-monetary financial liabilities	--	--	--	--
13. CURRENT LIABILITIES	107.421.375	6.805.012	1.095.287	--
14. Trade payables	--	--	--	--
15. Financial liabilities	--	--	--	--
16.a Other monetary liabilities	916.171	68.612	--	--
16.b Other non-monetary liabilities	--	--	--	--
17. NON-CURRENT LIABILITIES	916.171	68.612	--	--
18. TOTAL LIABILITIES	108.337.546	6.873.624	1.095.287	--
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	47.328.374	(919.728)	3.924.861	31.668
21. Net foreign currency asset / liability position of non-monetary items (1+2a+6a-10-12a-12b-14-15-16b)	47.328.374	(919.728)	3.924.861	31.668
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 2021**

(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 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	--	--	--	--
4. CURRENT ASSETS	80.053.915	5.026.606	4.775.051	14.374
5. Trade receivables	--	--	--	--
6.a Monetary financial assets	--	--	--	--
6.b Non-monetary financial assets	--	--	--	--
7. Other	--	--	--	--
8. NON-CURRENT ASSETS	--	--	--	--
9. TOTAL ASSETS	80.053.915	5.026.606	4.775.051	14.374
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)	--	--
13. CURRENT LIABILITIES	(37.379.222)	(4.380.781)	(579.062)	(600)
14. Trade payables	--	--	--	--
15. Financial liabilities	--	--	--	--
16.a Other monetary liabilities	(5.432.538)	--	(603.086)	--
16.b Other non-monetary liabilities	--	--	--	--
17. NON-CURRENT LIABILITIES	(5.432.538)	--	(603.086)	--
18. TOTAL LIABILITIES	(42.811.760)	(4.380.781)	(1.182.148)	(600)
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
21. Net foreign currency asset / liability position of non-monetary items (1+2a+6a-10-12a-12b-14-15-16b)	37.242.155	645.825	3.592.903	13.774
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 2021**

(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 2021	
	Appreciation of Foreign currency	Devaluation of Foreign currency
Profit / Loss		
In the case of appreciation of US Dollar at 10% ratio compared to TL		
1 - US Dollar net asset / liability	(1.225.907)	1.225.907
2- Part of hedged from US Dollar risk (-)	--	--
3- US Dollar net effect	(1.225.907)	1.225.907
In the case of appreciation of EURO at 10% ratio compared to TL		
4 - Euro net asset / liability	5.921.320	(5.921.320)
5 – Part of hedged from EURO risk (-)	--	--
6- Euro net effect	5.921.320	(5.921.320)
In the case of appreciation of GBP at 10% ratio compared to TL		
7 – GBP net asset / liability	56.897	(56.897)
8 – Part of hedged from GBP risk (-)	--	--
9 – GBP net effect	56.897	(56.897)
TOTAL	4.752.310	(4.752.310)

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

(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)**

	31 December 2020	
	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	474.068	(474.068)
2- Part of hedged from US Dollar risk (-)	--	--
3- US Dollar net effect	474.068	(474.068)
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 (-)	--	--
6- Euro net effect	3.236.451	(3.236.451)
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 (-)	--	--
9 – GBP net effect	13.697	(13.697)
TOTAL	3.724.216	(3.724.216)

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 2021	31 December 2020
Fixed Rate Instruments		
Financial Assets	98.216.335	120.591.312
Financial Liabilities	427.261.767	261.591.199

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

(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 2021	31 December 2020	31 December 2021	31 December 2020
Financial Assets				
Cash and cash equivalents	106.046.019	120.612.224	106.046.019	120.612.224
Trade receivables	40.280.329	16.439.959	40.280.329	16.439.959
Receivables from related parties	433.602.270	429.134.382	433.602.270	429.134.382
Other financial assets	--	--	5.122.949	4.381.574
Financial Liabilities				
Loan and borrowings	427.261.767	261.591.199	427.261.767	261.591.199
Trade payables	208.762.746	171.665.072	208.762.746	171.665.072
Payables to related parties	49.053.751	41.763.975	49.053.751	41.763.975
Derivative instruments	--	928.877	--	928.877

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 2021**

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

Note 30 – Financial Instruments (Continued)**Fair value of financial instruments**

The fair values of the financial assets and liabilities classification level are as follows:

	Level of fair value as of reporting date		
	1st Level TL	2nd Level TL	3rd Level TL
31 December 2021			
Financial assets			
Fair value change reflected in other comprehensive income - equity instruments	--	--	5.122.949
Derivative instruments	--	9.063.664	--
Total	--	9.063.664	5.122.949
Financial liabilities			
Fair value change reflected in other comprehensive income - equity instruments	--	--	--
Total	--	--	--
	Level of fair value as of reporting date		
	1st Level TL	2nd Level TL	3rd Level TL
31 December 2020			
Financial assets			
Fair value change reflected in other comprehensive income - equity instruments	--	--	4.381.574
Derivative instruments	--	416.506	--
Total	--	416.506	4.381.574
Financial liabilities			
Fair value change reflected in other comprehensive income - equity instruments	--	(928.877)	--
Total	--	(928.877)	--

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

Note 31 – Disclosure of Fees For Services Received From Independent Auditor or Auditor's

	2021	2020
	Company Independent Audit Firm	Company Independent Audit Firm
Independent audit fee for the reporting period	112.100	95.000
- Statutory and voluntary independent audit services (including interim periods)	112.100	95.000
Fee for other assurance services	10.000	6.500
- Services provided within the scope of assurance standards (ISAE 3000/3400/3402/3420)	10.000	6.500
Total	122.100	101.500

Note 32 – Subsequent Events

None.

Contact Information

Head Office

Taşdelen Mahallesi,
Sırrı Çelik Bulvarı No:7
Çekmeköy / İstanbul
T: 0216 430 00 00
www.tatgida.com



Tat Gıda



@tatkariyer

Manufacturing Plants

Tat Mustafakemalpaşa

Tat Kavaklı Köyü
16500 Mustafakemalpaşa / Bursa
T: 0224 618 06 00

Tat Karacabey

Tavşanlı mahallesi Camandıra Mevkii
No:7/1 16700 Karacabey/ Bursa
T: 0224 676 15 64

Tat Torbalı

Subaşı Beldesi İnönü Mahallesi 219.
Sokak No: 1 Torbalı / İzmir
T: 0232 868 53 83 - 0232 868 51 19
www.tat.com.tr



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@tatailesi



@tatsoslar

Reporting Period

01.01.2021 – 31.12.2021

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 2021, 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 17.03.2021 Thursday at 13.30 in Divan Hotel İstanbul, Elmadağ at the address Asker Ocağı Caddesi No. 1, 34367 Şişli, İstanbul. 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.

