TAT GIDA SANAYİ A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF
FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2021
WITH INDEPENDENT AUDITORS REPORT

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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.

KPMG

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	How the matter was addressed in our audit
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.	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 occured 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

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STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021

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

ASSETS	Notes	Audited 31 December 2021	Audited 31 December 2020
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**

TAT GIDA SANAYİ A.Ş.

STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021

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

LIABILITIES	**Notes**	**Audited 31 December 2021**	**Audited 31 December 2020**
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)

		Audited	**Audited**
		1 January-	**1 January-**
		31 December	**31 December**
Profit or loss	**Notes**	**2021**	**2020**
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**	**71.313.163**
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 continuning 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)

				Accumulated Other Comphrehensive Income Reclassified to Profit or Loss		Accumulated Other Comphrehensive Income Not to Be Reclassified to Profit or Loss				
	Share capital	**Inflation adjustments to share capital**	**Share premium**	**Financial assets revaulation reserve**	**Hedging related to cash flow risk**	**Acturial gain/(losses) in defined benefit plans**	**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 1 January- 31 December 2021	Audited 1 January- 31 December 2020
Continuing profit before tax		157.626.550	71.313.163
Discountinued 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			
Adjustments related to impairment of stocks	9	*1.974.019*	*200.000*
Adjustments related to provisions			
Adjustments related to provision for employee termination benefit	18	*4.897.749*	*6.367.198*
Adjustments related to other provisions	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
Adjusttments 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.

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 Istanbul 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

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.

(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)

Correction of financial statements of hyperinflation periods

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

Foreign Currency

Foreign currency transactions

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

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

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

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

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

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

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

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

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.

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.

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

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

Standards issued but not yet effective and not early adopted (continued)

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.

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.

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

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

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.

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.

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

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

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)

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)

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.

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

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

Standards issued but not yet effective and not early adopted (continued)

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.

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).

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.

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.

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Significant accounting policies (Continued)

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.

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.

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Significant accounting policies (Continued)

Corporate income taxes (Continued)

Deferred tax (Continued)

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.

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

Based on the decision to sell the production facilities of the milk and milk product business line and all other related assets and liabilities, profit or loss and other comprehensive income statement for the period 1 January - 31 December 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).

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Significant accounting policies (Continued)

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.

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.

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Significant accounting policies (Continued)

Financial instruments (Continued)

(ii) Classification and subsequent measurement (Continued)

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 levela because this best reflects the way the business is managed and information is provided to management. The information considered includes:

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

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

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

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

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

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 – Assessment whether contractual cash flows are solely payments of principal and interest (Continued)

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).

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Significant accounting policies (Continued)

Financial instruments (Continued)

(ii) Classification and subsequent measurement (Continued)

<u>*Financial assets – Subsequent measurement and gains and losses*</u>

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.

<u>*Financial liabilities – Classification, subsequent measurement and gains and losses*</u>

Financial liabilities are classified as measured at amortised cost or FVTPL.

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

iii) Derecognition

<u>*Financial assets*</u>

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.

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Significant accounting policies (Continued)

Financial instruments (Continued)

iii) Derecognition (Continued)

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.

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.

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Significant accounting policies (Continued)

Financial instruments (Continued)

v) Derivative financial instruments and hedge accounting (Continued)

<u>*Cash flow hedges (Continued)*</u>

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

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

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

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

Capital

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

Provision for employee termination benefits

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

Classified assets held for sale and discontinued operations

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

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Significant accounting policies (Continued)

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.

Revenue from Contracts with Customers

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

Step 1: Identifying the contract

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

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

Step 2: Identifying the performance obligations

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

(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.

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Significant accounting policies (Continued)

Revenue from Contracts with Customers (Continued)

Step 3: Determining the transaction price (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.

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.

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Significant accounting policies (Continued)

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.

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.

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Significant accounting policies (Continued)

Leases (Continued)

As a Lessee (continued)

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.

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.

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.

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

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 milk product segment.

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

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

NOTE 3 – SEGMENT REPORTING (Continued)

Primary reporting format - business segment (Continued)

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
-Milk and milk products	--	*102.066.851*
Assets that cannot be allocated to segments	12.599.361	8.886.523
	238.164.294	**199.216.500**

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
-Milk and milk products	*1.988.112*	*11.563.558*
Depreciation and amortization charges that cannot be allocated to segments	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
-Milk and milk products	*306.028*	*2.460.188*
Investment expenditures that cannot be allocated to segments	3.216.822	690.307
	134.257.764	**39.743.545**

(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**

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).

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

NOTE 6 –BORROWINGS (Continued)

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

(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**
Cash transactions		
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)
Non-cash transactions		
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**

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

NOTE 7 – TRADE RECEIVABLES AND PAYABLES

Trade receivables

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

	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**

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**

	2021	2020
Long term other receivables		
Deposits and guarantees given	68.085	68.085
	68.085	**68.085**

	2021	2020
Payables to third parties:		
Taxes and funds payable	7.322.626	8.793.205
Others	--	81.622
	7.322.626	**8.874.827**

(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
-Tomato paste and canned products	*568.003.230*	*330.938.004*
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**

(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**
Accumulated depreciation:	**1 January 2021**	**Current Year Charge**	**Disposals**	**Transfers**	**31 December 2021**
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).

(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**

Accumulated depreciation:	**1 January 2020**	**Current Year Charge**	**Disposals**	**Transfers (*)**	**Classifications(**)**	**31 December 2020**
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 .

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

NOTE 11 – PROPERTY, PLANT AND EQUIPMENT (Continued)

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 expensenses, 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

NOTE 12 – INTANGIBLE ASSETS

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

Cost:

	1 January 2021	Additions	Disposals	Transfers	31 December 2021
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**

Accumulated Amortization:	1 January 2021	Additions	Disposals	Transfers	31 December 2021
Rights	4.140.949	1.778.447	--	--	5.919.396
Other intangible assest	298.499	349.566	--	--	648.065
	4.439.448	**2.128.013**	**--**	**--**	**6.567.461**
Net Book Value	**7.119.559**				**8.737.285**

Cost:	1 January 2020	Additions	Transfers	Classification (*)	31 December 2020
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**

Accumulated Amortization:	1 January 2020	Additions	Transfers	Classification (*)	31 December 2020
Rights	5.547.115	1.188.167	--	(2.594.333)	4.140.949
Other intangible assest	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 dor sales" as of 31 December 2020.

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

NOTE 12 – INTANGIBLE ASSETS (Continued)

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

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**
Builsings	1.997.158	2.706.623	--	--	4.703.781
Machinery and equipment	1.168.846	1.119.281	(2.110.643)	(127.918)	49.566
Vehicles	1.420.844	1.670.922	--	(72.826)	3.018.940
Furniture and fixtures	1.053.167	1.915.617	(1.534.911)	(80.823)	1.353.050
	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.

(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:

Provisions	**2021**	**2020**
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:

<u>Provisions for lawsuits</u>	**1 January - 31 December 2021**	**1 January - 31 December 2020**
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 diary 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 diary 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 tranfer were completed.

(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**

(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**

(*) Short-term derivative receivables consist of foreign currency forward transactions.

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**

(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.

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**

	31 December 2021	31 December 2020
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).

(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. 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).

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**

(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.

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.

NOTE 20 – SHAREHOLDERS' EQUITY (Continued)

Legal Reserves (Continued)

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).

f) Dividend distribution

According to the decision taken at the Ordinary General Assemly 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).

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

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)**

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)**

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

NOTE 22 – EXPENSES BY NATURE (Continued)

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

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

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:

Income from Investing Activities	2021	2020
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**

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

NOTE 24 – INCOME AND EXPENSES FROM INVESTING ACTIVITIES (Continued)

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

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

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**

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 deductable 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 corpoarate 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.

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.

(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 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.

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

Deferred tax assets / (liabilities):	**2021**	**2020**
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:

Deferred tax assets movements:	**2021**	**2020**
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**

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

NOTE 26 – TAX ASSESTS AND LIABILITIES (Continued)

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

The reconciliation of tax:	**%**	**31 December 2021**	**%**	**31 December 2020**
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
Averager 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**

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.

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

NOTE 28 – RELATED PARTY TRANSACTIONS (Continued)

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

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	1.623.801
	49.053.751	**41.763.975**
Other Payables		
Koç Holding A.Ş.	11.724.613	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.

Leasing borrowings	**2021**	**2020**
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	**2021**	**2020**
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).

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

NOTE 28 – RELATED PARTY TRANSACTIONS (Continued)

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

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

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

NOTE 28 – RELATED PARTY TRANSACTIONS (Continued)

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**

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.

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

NOTE 29 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS

a) Capital Risk Management

The Company manages its capital to ensure that entities in the Company will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Company consists of debt, which includes the borrowings disclosed in Note 4, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.
The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or rearrange capital structure, the Company can return back capital to shareholders, issue new shares and sale assets in order to decrease debt requirement.

The Company controls its capital using the net debt/total capital ratio. This ratio is 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.

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.

(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			
31 December 2021	Related Party	Third Party	Related Party	Third Party	Deposits in Banks	Derivatives
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	--	--	--	--	--	--

(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			
31 December 2020	**Related Party**	**Third Party**	**Related Party**	**Third Party**	**Deposits in Banks**	**Derivatives**
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	--	--	--	--	--	--

(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.

(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	--	--	--	--	--	--
	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.

(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 managing 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				

(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				

(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	
	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	(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)**

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

NOTE 29 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (Continued)

b) Financial Risk Factors (Continued)

Currency risk sensitivity

The Company is mainly exposed to foreign currency risk in USD and EURO.

The following table details the Company's sensitivity to a 10% increase and decrease in the USD, GBP and Euro. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis only includes outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Company where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number indicates an increase in profit / loss and other equity.

	31 December 2020	
	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

(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.

(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		
31 December 2021	1st Level TL	2nd Level TL	3rd Level TL
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		
31 December 2020	1st Level TL	2nd Level TL	3rd Level TL
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)**	**--**

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.