

**TAT GIDA SANAYİ ANONİM ŞİRKETİ**

CONVENIENCE TRANSLATION INTO ENGLISH OF  
CONDENSED INTERIM FINANCIAL STATEMENTS  
AS AT AND FOR THE SIX MONTH PERIOD  
ENDED 30 JUNE 2021  
(ORIGINALLY ISSUED IN TURKISH)

<u>CONTENTS</u>	<u>PAGES</u>
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION .....	1-2
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ..	3
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY.....	4
CONDENSED INTERIM STATEMENT OF CASH FLOWS.....	5
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2021.....	6-29
NOTE 1 – COMPANY’S ORGANISATION AND NATURE OF OPERATIONS .....	6
NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS.....	6
NOTE 3 – SEGMENT REPORTING .....	11
NOTE 4 – FINANCIAL BORROWINGS .....	13
NOTE 5 – TRADE RECEIVABLES AND PAYABLES .....	14
NOTE 6 - INVENTORIES .....	15
NOTE 7 – PROPERTY, PLANT AND EQUIPMENT .....	15
NOTE 8 – ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS.....	15
NOTE 9 – COMMITMENTS AND CONTINGENCIES .....	15
NOTE 10 – SHAREHOLDER’S EQUITY .....	17
NOTE 11 – DERIVATIVE INSTRUMENTS.....	19
NOTE 12 – SALES AND COST OF SALES .....	19
NOTE 13 – OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES.....	19
NOTE 14 – INCOME AND EXPENSES FROM INVESTING ACTIVITIES.....	20
NOTE 15 – FINANCIAL INCOME AND EXPENSES.....	20
NOTE 16 – INCOME AND EXPENSE TAX .....	20
NOTE 17 – OTHER ASSETS .....	21
NOTE 18 – RELATED PARTY TRANSACTIONS.....	21
NOTE 19 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS.....	23
NOTE 20 – SUBSEQUENT EVENTS.....	300

(CONVENIENCE TRANSLATION INTO ENGLISH OF REVIEW REPORT ON  
CONDENSED INTERIM FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

**INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM  
FINANCIAL STATEMENTS**

To the Board of Directors of Tat Gıda

*Introduction*

We have reviewed the accompanying condensed statement of financial position of Tat Gıda Sanayi Anonim Şirketi (the "Company") as at 30 June 2020, and the condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended, and notes to the interim financial information ("the condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with Turkish Accounting Standard 34 Interim Financial Reporting ("TAS 34") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

*Scope of Review*

We conducted our review in accordance with Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with TAS 34.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
A member of KPMG International Cooperative

Hakkı Özgür Sivacı, SMMM  
Partner  
5 August 2021  
İstanbul, Turkey

(Convenience Translation into English of Condensed Interim Financial Statements Originally Issued in Turkish)

**TAT GIDA**

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021**

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

<b>ASSETS</b>	<b>Notes</b>	<b>Reviewed</b>	<b>Audited</b>
		<b>30 June 2021</b>	<b>31 December 2020</b>
<b>Current Assets</b>			
Cash and cash equivalents		275.058.564	120.612.224
Trade receivables		388.027.171	445.574.341
-From related parties	5,18	353.537.612	429.134.382
-From third parties	5	34.489.559	16.439.959
Other receivables		943.878	1.071.452
-From third parties		943.878	1.071.452
Inventories	6	295.585.372	360.736.236
Derivative instruments		--	416.506
Current tax assets		5,495,487	--
Prepaid expenses		44.860.992	12.719.871
Other current assets	17	38.684.329	71.383.844
<hr/>			
Assets held for sale		--	160.311.638
<b>Non-Current Assets</b>			
Other receivables		68.085	68.085
-From third parties		68.085	68.085
Financial investments		4.381.574	4.381.574
Property, plant and equipment	7	125.347.148	90.030.091
Right of use assets		9.980.364	10.722.316
Intangible assets		8.802.966	7.119.559
Deferred tax assets		6.751.155	4.974.330
Other non-current assets	17	35.249.594	18.580.385
<hr/>			
<b>TOTAL ASSETS</b>		<b>1.239.236.679</b>	<b>1.308.702.452</b>

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

**TAT GIDA**

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021  
(CONTINUED)**

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

<b>LIABILITIES</b>	<b>Notes</b>	<b>Reviewed</b>	<b>Audited</b>
		<b>30 June 2021</b>	<b>31 December 2020</b>
<b>Short Term Liabilities</b>		<b>400.580.343</b>	<b>411.381.935</b>
Short-term financial borrowings	4	6.903.701	42.383.179
Short-term financial lease liabilities	4	4.461.386	6.593.978
- <i>Due from related parties</i>	5,18	3.143.659	1.904.640
- <i>Due from other parties</i>		1.317.727	4.689.338
Short-term portion of long-term borrowings		175.000.000	73.231.532
Trade payables		170.628.074	213.429.047
- <i>To related parties</i>	18	19.887.081	41.763.975
- <i>To third parties</i>	5	150.740.993	171.665.072
Employee benefit obligations		4.609.093	7.428.260
Derivative liabilities		--	928.877
Other payables		6.455.432	18.729.820
- <i>From related parties</i>	18	2.997.281	9.854.993
- <i>From third parties</i>		3.458.151	8.874.827
Deferred income		6.297.753	6.572.117
Current tax liabilities		--	13.809.180
Short-term provisions		26.224.904	14.778.030
- <i>For employment benefits</i>		1.747.433	2.900.000
- <i>Other</i>		24.477.471	11.878.030
Liabilities included in disposal groups classified as held for sale		--	13.497.915
<b>Long Term Liabilities</b>		<b>20.495.977</b>	<b>192.573.352</b>
Long-term financial borrowings	4	--	175.000.000
Long-term lease liabilities	4	7.048.591	5.836.812
- <i>Due from related parties</i>	18	6.642.887	2.594.164
- <i>Due from other parties</i>		405.704	3.242.648
Long-term provisions		13.447.386	11.736.540
- <i>For employment benefits</i>		13.447.386	11.736.540
<b>EQUITY</b>			
Share capital	10	136.000.000	136.000.000
Inflation adjustment to share capital	10	21.601.088	21.601.088
Share premiums	10	10.107.809	10.107.809
Other comprehensive income or expenses that may be reclassified subsequently to profit or loss		2.705.092	1.961.990
- <i>Financial assets revaluation reserve</i>		2.705.092	2.705.092
- <i>Losses related to hedging from cash flow risk</i>		--	(743.102)
Other comprehensive income or expenses that will not be reclassified subsequently to profit or loss		(749.631)	(749.631)
- <i>Actuarial losses in defined benefit plan</i>		(749.631)	(749.631)
Restricted reserves	10	72.461.784	29.533.338
Prior years' profit		421.252.137	339.018.230
Profit for the period		154.782.090	167.274.341
<b>TOTAL LIABILITIES</b>		<b>1.239.236.679</b>	<b>1.308.702.452</b>

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

(Convenience Translation into English of Condensed Interim Financial Statements Originally Issued in Turkish)

## TAT GIDA

### CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021

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

	Notes	Reviewed	Not Reviewed	Reviewed	Not Reviewed
		1 January- 30 June 2020	1 April- 30 June 2020	1 January- 30 June 2019	1 April- 30 June 2019
<b>Profit or loss</b>					
Sales	12	454.414.579	240.720.691	393.724.294	192.761.974
Cost of sales (-)	12	(319.301.134)	(166.004.069)	(268.719.657)	(129.359.966)
<b>Gross profit</b>		<b>135.113.445</b>	<b>74.716.622</b>	<b>125.004.637</b>	<b>63.402.008</b>
Marketing expenses (-)		(36.172.035)	(19.367.699)	(25.862.321)	(14.138.056)
Administrative expenses (-)		(36.509.321)	(18.133.033)	(28.811.187)	(14.015.149)
Research and development expenses (-)		(729.466)	(281.430)	(496.653)	(281.948)
Other income from operating activities	13	19.072.955	11.315.613	15.410.119	9.314.569
Other expenses from operating activities (-)	13	(7.777.758)	(5.347.802)	(6.269.674)	(3.028.437)
<b>Operating profit</b>		<b>72.997.820</b>	<b>42.902.271</b>	<b>78.974.921</b>	<b>41.252.987</b>
Income from investing activities	14	1.979.095	309.469	541.365	423.200
Expenses from investing activities (-)	14	(13.570)	3.494	(31.124)	(27.006)
Impairment gains / (losses) determined in accordance with TFRS 9 and reversals of impairment losses		--	--	(19.494)	--
<b>Profit from operating activities</b>		<b>74.963.345</b>	<b>43.215.234</b>	<b>79.465.668</b>	<b>41.649.181</b>
Financial income	15	66.341.066	37.005.290	8.815.123	5.006.679
Financial expenses (-)	15	(56.242.890)	(30.868.801)	(24.586.347)	(12.048.494)
<b>Financial (expense) / income</b>		<b>10.098.176</b>	<b>6.136.489</b>	<b>(15.771.224)</b>	<b>(7.041.815)</b>
<b>Profit from continuing operations, before tax</b>		<b>85.061.521</b>	<b>49.351.723</b>	<b>63.694.444</b>	<b>34.607.366</b>
<b>Tax expense from continuing operations</b>		<b>4.156.785</b>	<b>14.427.256</b>	<b>(19.319.470)</b>	<b>(8.311.529)</b>
- Current period tax expense	16	3.095.683	13.264.612	(20.213.187)	(8.095.294)
- Deferred tax income / (expense)	16	1.061.102	1.162.644	893.717	(216.235)
<b>Profit before discontinuing operations</b>		<b>89.218.306</b>	<b>63.778.979</b>	<b>44.374.974</b>	<b>26.295.838</b>
Profit / (loss) from discontinued operations		65.563.784	(249.537)	16.471.787	5.837.205
<b>Profit for the period</b>		<b>154.782.090</b>	<b>63.529.442</b>	<b>60.846.761</b>	<b>32.133.042</b>
Earnings per common and diluted share from continuing operations		0,66	0,47	0,33	0,19
Earnings per common and diluted share from discontinued operations		0,48	0,00	0,12	0,04
<b>Other comprehensive income:</b>		<b>743.102</b>	<b>(37.831)</b>	<b>(144.833)</b>	<b>104.039</b>
Gains / (losses) in revaluation reserve		990.803	(50.441)	(185.683)	133.384
Profit / (loss) related to hedging from cash flow risk		(247.701)	12.610	40.850	(29.345)
<b>Total other comprehensive income</b>		<b>743.102</b>	<b>(37.831)</b>	<b>(144.833)</b>	<b>104.039</b>
<b>Total comprehensive income</b>		<b>155.525.192</b>	<b>63.491.611</b>	<b>60.701.928</b>	<b>32.237.081</b>

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

(Convenience Translation into English of Condensed Interim Financial Statements Originally Issued in Turkish)

**TAT GIDA**

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021**

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

				Other comprehensive income that will not be Reclassified in Profit or Loss		Other comprehensive income that will be Reclassified in Profit or Loss				
	Paid in share capital	Inflation adjustments to paid in capital	Share premiums (discounts)	Gains / (losses) on revaluations and remeasurements	Cash flow hedges	Gains / (losses) on remeasurements of defined benefit plans	Restricted reserves appropriated from profit	Net profit for the period	Retain earnings	Total equity
<b>Balance as at 1 January 2020</b>	<b>136.000.000</b>	<b>21.601.088</b>	<b>10.107.809</b>	<b>934.316</b>	<b>(6.051.296)</b>	<b>(691.572)</b>	<b>95.621.022</b>	<b>66.155.440</b>	<b>236.908.106</b>	<b>560.584.913</b>
Transfers	--	--	--	--	--	--	(66.087.662)	(66.155.440)	132.243.102	--
Dividends paid									(30.133.377)	(30.133.377)
Total comprehensive income	--	--	--	--	(144.833)	--	--	60.846.761	--	60.701.928
<b>Balance as at 30 June 2020</b>	<b>136.000.000</b>	<b>21.601.088</b>	<b>10.107.809</b>	<b>934.316</b>	<b>(6.196.129)</b>	<b>(691.572)</b>	<b>29.533.360</b>	<b>60.846.761</b>	<b>339.017.831</b>	<b>591.153.464</b>
<b>Balance as at 1 January 2021</b>	<b>136.000.000</b>	<b>21.601.088</b>	<b>10.107.809</b>	<b>2.705.092</b>	<b>(743.102)</b>	<b>(749.631)</b>	<b>29.533.338</b>	<b>167.274.341</b>	<b>339.018.230</b>	<b>704.747.165</b>
Transfers	--	--	--	--	--	--	42.928.446	(167.274.341)	124.345.895	--
Dividends paid	--	--	--	--	--	--	--	--	(42.111.998)	(42.111.998)
Total comprehensive income	--	--	--	--	743.102	--	--	154.782.090	--	155.525.192
<b>Balance as at 30 June 2021</b>	<b>136.000.000</b>	<b>21.601.088</b>	<b>10.107.809</b>	<b>2.705.092</b>	<b>--</b>	<b>(749.631)</b>	<b>72.461.784</b>	<b>154.782.090</b>	<b>421.252.127</b>	<b>818.160.359</b>

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

**TAT GIDA****CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021**

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

		<b>Reviewed</b>	<b>Reviewed</b>
		<b>1 January- 30 June 2021</b>	<b>1 January- 30 June 2020</b>
	<b>Notes</b>		
Profit from continuing operations, before tax		85.061.521	63.694.444
Profit / (loss) from discontinued operations		65.563.784	16.471.787
<b>Adjustments to reconcile profit for the period:</b>			
Adjustments for depreciation and amortization expenses	3	5.143.369	4.640.393
Adjustments for impairment		1.479	4.506.364
<i>Adjustments for impairment of trade receivables</i>	5	--	19.494
<i>Adjustments for impairment of inventories</i>	6	1.479	4.486.870
Adjustments for provisions		38.405.864	12.561.541
<i>Adjustments for provision related with employee benefits</i>		25.806.423	3.912.804
<i>Adjustments for other provision</i>		12.599.441	8.648.737
Profit / (loss) from sale of property, plant and equipment	14	195.603	(295.333)
Adjustments related to profits of fixed assets sales classified for sale		(69.041.724)	--
Adjustments for income accruals	17	(3.355.088)	(3.348.961)
Adjustments for fair value of derivatives instruments		(512.371)	(631.361)
Adjustments for tax expenses	16	(4.156.785)	19.319.470
Adjustments for unrealized foreign exchange loss, net		2.267.504	(445.217)
Deferred financial expense due to purchases with maturity		(3.652.880)	(607.244)
Unearned financial income due to sales with maturity		3.778.900	806.306
Interest income	15	(8.773.193)	(2.359.747)
Interest expense	15	16.813.242	15.585.476
<b>Changes in working capital</b>		<b>127.739.225</b>	<b>129.897.918</b>
Changes in trade receivables and other receivables		(21.828.500)	(9.680.721)
Changes in due from related parties		75.596.770	(52.156.390)
Changes in inventories		111.996.648	100.314.953
Changes in prepaid expenses		(32.141.121)	(24.038.860)
Changes in other current and non-current assets		8.604.201	8.959.120
Changes in trade payables		(17.271.199)	7.509.660
Changes due to related parties		(21.876.894)	(15.721.888)
Changes in deferred income		(6.857.712)	14.146.703
Changes in employee benefit payables		(274.364)	(335.443)
Increase in other liabilities		(2.819.167)	(2.286.751)
Decrease in other liabilities		(80.080)	--
<b>Cash flows from operating activities</b>		<b>220.787.807</b>	<b>156.608.301</b>
Employee termination benefits paid		(25.248.144)	(1.859.072)
Taxes paid		(16.208.984)	(14.787.492)
<b>Net cash flows from operating activities</b>		<b>179.330.679</b>	<b>139.961.737</b>
<b>Investing activities:</b>			
Property, plant and equipment and intangible asset acquisitions		(42.346.978)	(5.091.923)
Cash generated from sale of property, plant and equipment and intangible assets		7.542	1.739.842
Adjustments related to profits of fixed assets sales classified for sale		182.128.321	--
<b>Net cash used in investing activities</b>		<b>139.788.885</b>	<b>(3.352.081)</b>
<b>Financing activities:</b>			
Interest received		8.773.193	2.359.747
Cash outflows due to leasing payments		(4.367.324)	(5.655.674)
Cash inflows due to borrowing received		27.507.406	311.006.113
Cash outflows due to borrowing payments		(137.612.578)	(228.463.782)
Interest paid		(16.861.923)	(15.585.476)
Dividend payment	10	(42.111.998)	(30.133.377)
<b>Net cash from in financing activities</b>		<b>(164.673.224)</b>	<b>33.527.551</b>
<b>Net change in cash and cash equivalents</b>		<b>154.446.340</b>	<b>170.137.207</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>120.612.224</b>	<b>10.476.743</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>275.058.564</b>	<b>180.613.950</b>

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

## TAT GIDA

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021

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

#### NOTE 1 – COMPANY’S ORGANISATION AND NATURE OF OPERATIONS

Tat Gıda was established in 1967 with the name Tat Konserve Sanayii Anonim Şirketi, 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 provisions of the Turkish Commercial Code.

As at 30 June 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
<b>Total</b>	<b>845</b>	<b>707</b>	<b>849</b>	<b>1.084</b>
Permanent Personnel	412	512	720	727
Temporary Personnel	433	195	129	357

The domestic marketing and sales activities of the Company are performed by Düzey Tüketim Malları Sanayi Pazarlama Anonim Şirketi (“Düzey”), a Koç Group company.

Koç Holding Anonim Şirketi (“Koç Holding”) is the main shareholder and the ultimate owner of the Company.

The shares of the Company are quoted to Istanbul Stock Exchange Market since 1993.

The registered office address of the Company is as follows:

Taşdelen Çamlık Mah. Sırrı Çelik Bulvarı No: 7 34788  
Çekmeköy / İstanbul / Turkey

#### NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

##### 2.1 Basic Principles of Presentation

###### Principles of measurement

The condensed interim financial statements are prepared in Turkish Lira (“TL”) based on the historical cost convention except for the equity instruments which are carried at fair value. 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 ended on 31 December 2004.

###### Reporting and Functional Currency

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

###### Correction of financial statements of hyperinflation periods

With the decision 11/367 taken on 17 March 2005, the CMB announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for the companies operating in Turkey and preparing their financial statements in accordance with CMB Financial Reporting Standards. Accordingly, TAS 29, “Financial Reporting in Hyperinflationary Economies” issued by the IASB, has not been applied in the financial statements for the accounting year commencing from 1 January 2005.

(Convenience Translation into English of Condensed Interim Financial Statements Originally Issued in Turkish)

## **TAT GIDA**

### **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021**

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

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

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

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

Interim condensed financial statements are presented in accordance with the TFRS Taxonomy developed on the basis of the financial statement samples specified in the Financial Statement Examples and User Guide published in the Official Gazette dated 7 June 2019 and numbered 30794 by POA.

##### Approval of financial statements:

The accompanying interim condensed financial statements are approved by the Company’s Board of Directors on 5 August 2021.

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

In order to allow the determination of the financial position and performance, the Company’s financial statements have been prepared comparatively with the prior period. In order to comply with the presentation of the financial statements of the current period necessary, comparative figures are reclassified, and significant differences are explained.

Regarding the sale of the SEK brand in 2020, all income and expenses from SEK were classified under "period profit / (loss) from discontinued operations" in the profit or loss and other comprehensive income statement for the period 1 January - 30 June 2020.

##### **2.4 Change in accounting policy**

The accounting policies applied in the interim condensed financial statements of the Company are the same as the accounting policies applied in the financial statements for the year ended 31 December 2020.

##### **2.5 New and Revised International Financial Reporting Standards:**

###### **Amendments published as of 30 June 2021 but not yet taken into effect and not implemented early**

###### *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)**

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 April 7, 2021.

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. 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

(Convenience Translation into English of Condensed Interim Financial Statements Originally Issued in Turkish)

## **TAT GIDA**

### **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021**

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

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

##### **2.5 New and Revised International Financial Reporting Standards (continued)**

###### **Amendments published as of 30 June 2021 but not yet taken into effect and not implemented early (continued)**

amendments have to consistently apply the extension to eligible contracts with similar characteristics and in similar circumstances.

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

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

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

The amendments updated IFRS 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 prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

The 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.

###### **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 IAS 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.

###### **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.

(Convenience Translation into English of Condensed Interim Financial Statements Originally Issued in Turkish)

## **TAT GIDA**

### **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021**

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

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

##### **2.5 New and Revised International Financial Reporting Standards (continued)**

###### **Amendments published as of 30 June 2021 but not yet taken into effect and not implemented early (continued)**

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

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

###### **Improvements to TFRSs**

For the current standards, "Annual Improvements in TFRSs / 2018-2020 Cycle" published by POA on 27 July 2020 is presented below. 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 financial statements of the parent, based on the parent's date of transition to TFRSs. 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.

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:

- 1) 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

###### ***The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not yet issued by POA***

The following standards, interpretations of and amendments to existing IFRS standards are issued by the IASB but these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued to TAS by the POA, thus they do not constitute part of TAS. Such standards, interpretations and amendments that are issued by the

(Convenience Translation into English of Condensed Interim Financial Statements Originally Issued in Turkish)

## **TAT GIDA**

### **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021**

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

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

##### **2.5 New and Revised International Financial Reporting Standards (continued)**

###### **Amendments published as of 30 June 2021 but not yet taken into effect and not implemented early (continued)**

IASB but not yet issued by the POA are referred to as IFRS or IAS. The Company will make the necessary changes to its financial statements after the new standards and interpretations are issued and become effective under TAS.

###### **Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)**

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.

The key amendments to IAS 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.

IASB also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures.

The amendments are consistent with the refined definition of material previously:

“Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those 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 IAS 1 and IFRS Practice Statement 2)

###### **Definition of Accounting Estimates (Amendments to IAS 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. 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 IAS 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 IAS 1 and IFRS Practice Statement 2)

(Convenience Translation into English of Condensed Interim Financial Statements Originally Issued in Turkish)

## **TAT GIDA**

### **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021**

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

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

##### **2.5 New and Revised International Financial Reporting Standards (continued)**

###### **Amendments published as of 30 June 2021 but not yet taken into effect and not implemented early (continued)**

###### **Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 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.

The amendments to IAS 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.

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 IAS 12

#### **NOTE 3 – SEGMENT REPORTING**

##### **Primary Segmental Reporting Method - Industrial Segments**

As the products of the Company have different risks and returns, the below operating segments have been accepted by the Company. The Company have identified relevant operating segments based on internal reports about the components of the Company that are regularly reviewed by the chief operating decision maker of the Company.

- Tomato paste and canned foods
- Milk and dairy products

The Company also evaluated disclosure of geographical distribution of revenues for the period in addition to industrial segments. However, the Company concluded that there are no geographical reporting segments since the big chain groceries and Düzey is the main customer of the Company. The Company Management evaluates financial results and performance based on TAS financial statements. Therefore, TAS financial statements are the basis of segmental reporting. With the public disclosure made on the 6 January 2021 and the related board of directors' minute, the Company announced focusing on tomato paste and canned foods segment, which is the main business line and has bigger portion in profitability. The production facilities and all assets and liabilities related to milk and dairy products segment were decided to be terminated and related transactions completed on 14 March 2021. Based on the decision to the termination of the production facilities and all other related assets and liabilities belonging to the milk and dairy products segment, all income and expenses arising from SEK in the profit or loss and other comprehensive income statement for the period 1 January – 30 June 2021 are classified under “profit/(loss) for the period from discontinued operations”. The assets of the SEK business line for the period 1 January – 31 December 2020 are classified under “Assets Held for Sale” and its liabilities are classified under “Liabilities included in disposal groups classified as held for sale”.

Domestic selling and marketing activities are operated by Düzey which is a Koç Group Company. Sales amount to the Düzey is TL 450.922.236 (30 June 2020: TL 619.983.721)

## TAT GIDA

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021

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

#### NOTE 3 – SEGMENTAL REPORTING (CONTINUED)

##### a) Revenue segmental analysis for the period ended 1 January - 30 June 2021 and 2020

	<b>1 January-30 June 2021</b>	<b>1 April-30 June 2021</b>	<b>1 January-30 June 2020</b>	<b>1 April-30 June 2020</b>
Tomato paste and canned products	454.414.579	240.720.691	393.724.294	192.761.974
Discontinued operations	186.049.310	--	351.646.087	175.475.000
	<b>640.463.889</b>	<b>240.720.691</b>	<b>745.370.381</b>	<b>368.236.974</b>

##### b) Segment assets

The assets of the entity that are directly employed in the operating activities of the segment and that are either directly attributable to the segment or can be allocated to the segment on a reasonable basis are defined as segment assets.

As at 30 June 2021 and 31 December 2020, the recorded amounts of the segment assets according to industrial segments are as follows:

	<b>30 June 2021</b>	<b>31 December 2020</b>
Tomato paste and canned products	124.344.571	88.263.126
Discontinued operations	--	102.066.851
Assets that cannot be allocated to segments	9.805.543	8.886.523
	<b>134.150.114</b>	<b>199.216.500</b>

##### c) Segment liabilities

Described as liabilities that result from the operating activities of a segment and that are either directly attributable to the segment or can be allocated to the segment on a reasonable basis.

In the general framework of the organizational structure of the Company and its internal financial reporting system, trade and other payables are not analyzed in the basis of industrial segments. As a result, reporting of segment liabilities are not required.

##### d) Depreciation and amortization and capital expenditures

For the periods ended 30 June 2021 and 2020, depreciation and amortization of the industrial segment assets are as follows:

	<b>1 January -30 June 2021</b>	<b>1 April -30 June 2021</b>	<b>1 January -30 June 2020</b>	<b>1 April -30 June 2020</b>
<b>Amortization and depreciation costs</b>				
Tomato paste and canned products	2.123.340	1.166.640	2.016.429	1.099.910
Discontinued operations	1.988.112	--	5.790.597	2.916.417
Assets that cannot be allocated to segments	3.020.029	1.410.031	2.623.964	1.342.809
	<b>7.131.481</b>	<b>2.576.671</b>	<b>10.430.990</b>	<b>5.359.136</b>

For the periods ended 30 June 2021 and 2020, investment expenditures for the industrial segment assets are as follows:

	<b>1 January -30 June 2021</b>	<b>1 April -30 June 2021</b>	<b>1 January -30 June 2020</b>	<b>1 April -30 June 2020</b>
<b>Investment expenditures(*)</b>				
Tomato paste and canned products	56.749.085	49.133.295	6.691.637	5.404.316
Discontinued operations	--	--	444.507	254.171
Assets that cannot be allocated to segments	1.397.123	1.381.493	293.916	206.640
	<b>58.146.208</b>	<b>50.514.788</b>	<b>7.430.060</b>	<b>5.865.127</b>

**TAT GIDA**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021**

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

**NOTE 4 – FINANCIAL BORROWINGS**

The financial liabilities at 30 June 2021 and 31 December 2020 are as follows:

	<b>30 June 2021</b>	<b>31 December 2020</b>
Short term borrowings	6.903.701	42.383.179
Short term portion of long term borrowings	175.000.000	2.881.148
Short term portion of bonds issued	--	70.350.384
Short term lease liabilities	4.461.386	6.593.978
<b>Total short term financial liabilities</b>	<b>186.365.087</b>	<b>122.208.689</b>
Long term borrowings	--	175.000.000
Bonds issued	--	--
Long term lease liabilities	7.048.591	5.836.812
<b>Total long term financial liabilities</b>	<b>7.048.591</b>	<b>180.836.812</b>
	<b>193.413.678</b>	<b>303.045.501</b>

There are no pledges and mortgages given by the Company, related to its financial liabilities (31 December 2020: None).

The Company's loans have fixed interest rates. The details of financial borrowings as of 30 June 2021 are as follows:

	<b>The weighted average interest rate %</b>	<b>Original amount</b>	<b>30 June 2021 Book Value (TL)</b>
<b>Short term financial borrowings</b>			
TL borrowings	9,44	181.903.701	181.903.701
			<b>181.903.701</b>

The details of financial borrowings as of 31 December 2020 are as follows:

	<b>The weighted average interest rate %</b>	<b>Original amount</b>	<b>31 December 2020 Book Value (TL)</b>
<b>Short term financial borrowings</b>			
TL borrowings	3,88	45.264.327	45.264.327
Bonds issued	16,92	70.350.384	70.350.384
			<b>115.614.711</b>
<b>Long term financial borrowings</b>			
TL borrowings	9,64	175.000.000	175.000.000
			<b>175.000.000</b>

Repayment schedule of the long-term borrowings issued at 30 June 2021 and 31 December 2020 of are as follows:

	<b>30 June 2021</b>	<b>31 December 2020</b>
2021	181.903.701	115.614.711
2022	--	175.000.000
	<b>181.903.701</b>	<b>290.614.711</b>

(Convenience Translation into English of Condensed Interim Financial Statements Originally Issued in Turkish)

## TAT GIDA

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021

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

#### NOTE 4– FINANCIAL BORROWINGS (CONTINUED)

As at 30 June 2021 and 31 December 2020, repayment schedule of the long-term lease obligations in TL are as follows:

	<b>30 June 2021</b>	<b>31 December 2020</b>
Less than one year	4.461.386	6.593.978
Between one and two years	4.723.513	3.405.658
Between two and three years	1.922.746	2.407.985
Between three and four years	402.332	23.169
	<b>11.509.977</b>	<b>12.430.790</b>

#### NOTE 5 – TRADE RECEIVABLES AND PAYABLES

##### Trade Receivables

The analysis of trade receivables and trade payables at 30 June 2021 and 31 December 2020 is as follows:

	<b>30 June 2021</b>	<b>31 December 2020</b>
Due from related parties (Note 18)	353.537.612	429.134.382
Trade receivables	35.696.110	19.301.830
Notes and cheques receivables	1.416.238	--
Provisions for doubtful receivables	(2.622.789)	(2.861.871)
	<b>388.027.171</b>	<b>445.574.341</b>

Movement of allowance for doubtful receivables of the Company for the period ended 30 June 2021 and 2020 is as follows:

	<b>1 January-30 June 2021</b>	<b>1 January-30 June 2020</b>
Opening balance	(2.861.871)	(2.861.871)
Provision of the period	239.082	(19.494)
	<b>(2.622.789)</b>	<b>(2.881.365)</b>

The explanations related to quality and level of risks at trade receivables are explained at note 18.

##### Trade Payables

As at 30 June 2021 and 31 December 2020, the details of trade payables are as follows:

	<b>30 June 2021</b>	<b>31 December 2020</b>
Domestic suppliers	150.740.993	171.665.072
Due to related parties (Note 18)	19.887.081	41.763.975
	<b>170.628.074</b>	<b>213.429.047</b>

## TAT GIDA

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021

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

#### NOTE 6 - INVENTORIES

As at 30 June 2021 and 31 December 2020, the details of inventories are as follows:

	<b>30 June 2021</b>	<b>31 December 2020</b>
Raw materials	102.885.539	29.746.133
Finished goods	192.429.701	330.938.004
Other inventory	468.653	252.099
Impairment of inventory	(198.521)	(200.000)
	<b>295.585.372</b>	<b>360.736.236</b>

#### NOTE 7 – PROPERTY, PLANT AND EQUIPMENT

For the periods ended 30 June 2021 and 2020, property, plant and equipment movement are as follows:

	<b>1 January – 30 June 2021</b>	<b>1 January – 30 June 2020</b>
Net book value as of 1 January	90.030.091	188.140.338
Additions	40.104.065	4.774.683
Disposals	(203.145)	(82.183)
Transfers	--	(750.000)
Depreciation of the current period	(4.583.863)	(8.188.303)
	<b>125.347.148</b>	<b>183.894.535</b>

#### NOTE 8 – ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

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 transfer were completed.

As at 30 June 2021 and 31 December 2020, the details of the Company's assets held for sale are as follows:

	<b>30 June 2021</b>	<b>31 December 2020</b>
Tangible fixed asset used in production activities	--	100.835.121
Intangible fixed assets, inventory, and other assets classified as fixed assets and held for sale	--	59.476.517
	--	<b>160.311.638</b>
Liabilities included in disposal groups classified as held for sale	--	(13.497.915)
	--	<b>146.813.723</b>

(Convenience Translation into English of Condensed Interim Financial Statements Originally Issued in Turkish)

## TAT GIDA

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021

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

#### NOTE 8 – ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (CONTINUED)

Details of period profit / (loss) from discontinued operations as of 30 June are as follows:

	<b>30 June 2021</b>	<b>30 June 2020</b>
Operating expenses related to discontinued operations (-)	(239.481.635)	(346.284.224)
Other income related to discontinued operations	310.933.934	362.756.011
<b>Profit before tax from discontinued operations</b>	<b>71.452.299</b>	<b>16.471.787</b>
Tax expense related to discontinued operations	(5.888.515)	--
<b>Profit from discontinued operations</b>	<b>65.563.784</b>	<b>16.471.787</b>

#### NOTE 9 – COMMITMENTS AND CONTINGENCIES

The detail of the Company's guarantees given or contingent liabilities on the behalf of each other, related parties, parent company or third parties within the context of business operations or other purposes are as follows:

	<b>30 June 2021</b>	<b>31 December 2020</b>
A. On the behalf of legal entity	38.439.706	41.154.578
B. On the behalf of associations that included in full consolidation	--	--
C. On the behalf of third parties' liabilities within the context of business operations	--	--
-Given on the behalf of parent company	--	--
-Given on the behalf of other group companies which are not included in B and C clauses	--	--
-Given on the behalf of third parties which are not included in C clause	--	--
D. Others	--	--
	<b>38.439.706</b>	<b>41.154.578</b>

Company has miscellaneous guarantee letters given to tax office (for VAT receivable), T. Ihracat Kredi Bankası Anonim Şirketi and customs amounting to TL 38.439.706 (31 December 2020: TL 41.154.578).

Total guarantees given by the Company are in TL currency and neither any pledges nor encumbrances are given by the Company. Ratio of commitments and contingencies given by the Company to the Shareholders Equity on 30 June 2021 is 0 percent (31 December 2020: 0 percent).

## TAT GIDA

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021

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

#### NOTE 10 – SHAREHOLDER’S EQUITY

##### a) Share Capital

The Company’s share capital at 30 June 2021 consists of 13.600.000.000 number of shares, each with a nominal value of 1 Kuruş and there is no preferred stock. (31 December 2020: 13.600.000.000 number of shares each with a nominal value of 1 Kuruş).

As at 30 June 2021 and 31 December 2020, the shareholders and paid-in capital with the historical values are as follows:

	<b>30 June</b>		<b>31 December</b>	
	%	<b>2021</b>	%	<b>2020</b>
Koç Holding	43,7	59.364.947	43,7	59.364.947
Halka açık	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. (“Temel Ticaret”)	3,3	4.427.889	3,3	4.427.889
Sumitomo Corporation	1,5	2.077.983	1,5	2.077.983
Other	6,4	8.745.169	6,4	8.745.169
<b>Total Share Capital</b>	<b>100</b>	<b>136.000.000</b>	<b>100</b>	<b>136.000.000</b>
Inflation adjustments to share capital		21.601.088		21.601.088
Adjusted share capital		<b>157.601.088</b>		<b>157.601.088</b>

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 passed to this system with the permission of the Capital Markets Board 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 at 30 June 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 30 June 2020, the premium 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 at 30 June 2021 and 31 December 2020, the Company's details of restricted reserves are as follows:

	<b>30 June</b>	<b>31 December</b>
	<b>2021</b>	<b>2020</b>
Legal reserves	33.064.538	29.533.338
Special reserves	39.397.246	--
<b>Total</b>	<b>72.461.784</b>	<b>29.533.338</b>

## TAT GIDA

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021

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

#### NOTE 10 – SHAREHOLDER’S EQUITY (CONTINUED)

##### *Legal Reserves*

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5 percent per annum, until the total reserve reaches 20 percent 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 percent per annum of all cash dividend distributions. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50 percent of paid-in 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. During the relevant period, the Company transferred Special funds amounting to TL 69.915.703 to the retained earnings.

#### **d) Dividend distribution**

According to the decision taken at the Ordinary General Assembly meeting held on 19 March 2021, the Company allocated legal reserves in the amount of TL 3.531.200, special reserves in the amount of TL 39.397.246, and extraordinary reserves in the amount of TL 82.233.896 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.

#### NOTE 11 – DERIVATIVE INSTRUMENTS

As at 30 June 2021 and 31 December 2020, derivative assets are as follows:

	<b>30 June 2021</b>	<b>31 December 2020</b>
Short term derivative assets	--	416.506
<b>Total derivative assets</b>	<b>--</b>	<b>416.506</b>

As at 30 June 2021 and 31 December 2020, derivative liabilities due from interest rate swap are as follows:

	<b>30 June 2021</b>	<b>31 December 2020</b>
Short term liabilities	--	928.877
<b>Total derivative liabilities</b>	<b>--</b>	<b>928.877</b>

## TAT GIDA

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021

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

#### NOTE 12 – SALES AND COST OF SALES

For the periods 1 January – 30 June 2021 and 2020, gross profit as a result of revenues and cost of sales are as follows:

	<b>1 January -30 June 2021</b>	<b>1 April-30 June 2021</b>	<b>1 January -30 June 2020</b>	<b>1 April-30 June 2020</b>
Domestic sales (net)	343.954.864	182.046.786	328.259.587	162.236.748
Foreign sales (net)	110.459.715	58.673.905	65.464.707	30.525.226
<b>Total Operating Revenue</b>	<b>454.414.579</b>	<b>240.720.691</b>	<b>393.724.294</b>	<b>192.761.974</b>
Raw material expenses	(99.871.788)	(21.935.094)	(81.784.796)	(39.551.773)
Direct labour expenses	(9.755.965)	(6.491.224)	(9.164.353)	(5.963.837)
Manufacturing overhead	(9.721.009)	(5.680.751)	(10.796.485)	(6.900.902)
Depreciation expenses	(1.444.361)	(819.843)	(1.379.729)	(776.203)
Changes in inventories	(198.508.011)	(131.077.157)	(165.594.294)	(76.167.251)
<b>Cost of sales</b>	<b>(319.301.134)</b>	<b>(166.004.069)</b>	<b>(268.719.657)</b>	<b>(129.359.966)</b>
<b>Gross Profit</b>	<b>135.113.445</b>	<b>74.716.622</b>	<b>125.004.637</b>	<b>63.402.008</b>

#### NOTE 13 – OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

For the periods 1 January – 30 June 2021 and 2020, other income and profits from operating activities are as follows:

	<b>1 January -30 June 2021</b>	<b>1 April-30 June 2021</b>	<b>1 January -30 June 2020</b>	<b>1 April-30 June 2020</b>
<b>Other Operating Income</b>				
Income from maturity differences	14.920.495	9.586.031	9.315.088	8.041.586
Exchange differences from commercial activities	2.247.007	876.810	2.550.922	(1.360.511)
Other	1.905.453	852.772	3.544.109	2.633.494
	<b>19.072.955</b>	<b>11.315.613</b>	<b>15.410.119</b>	<b>9.314.569</b>

For the periods 1 January – 30 June 2021 and 2020, other expenses from operating activities are as follows:

	<b>1 January -30 June 2021</b>	<b>1 April-30 June 2021</b>	<b>1 January -30 June 2020</b>	<b>1 April-30 June 2020</b>
<b>Other Operating Expense</b>				
Expense from maturity differences	(5.237.109)	(3.333.635)	(2.551.347)	(1.234.663)
Law suit expenses	(372.413)	(183.611)	(1.561.620)	(657.843)
Exchange differences from commercial activities	(142.932)	(142.932)	(741.999)	(453.144)
Other	(2.025.304)	(1.687.624)	(1.414.708)	(682.787)
	<b>(7.777.758)</b>	<b>(5.347.802)</b>	<b>(6.269.674)</b>	<b>(3.028.437)</b>

(Convenience Translation into English of Condensed Interim Financial Statements Originally Issued in Turkish)

## TAT GIDA

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021

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

#### NOTE 14 – INCOME AND EXPENSES FROM INVESTING ACTIVITIES

For the periods 1 January – 30 June 2021 and 2020, investment income and expenses are as follows:

	<b>1 January -30 June 2021</b>	<b>1 April-30 June 2021</b>	<b>1 January -30 June 2020</b>	<b>1 April-30 June 2020</b>
<b>Income from Investing Activities</b>				
Dividend income	1.499.998	--	--	--
Rent income	269.924	123.367	216.740	105.000
Gain on sale of property, plant and equipment	209.173	186.102	324.625	318.200
	<b>1.979.095</b>	<b>309.469</b>	<b>541.365</b>	<b>423.200</b>

	<b>1 January - 30 June 2021</b>	<b>1 April-30 June 2021</b>	<b>1 January - 30 June 2020</b>	<b>1 April-30 June 2020</b>
<b>Expenses from Investing Activities</b>				
Losses on sale of property, plant and equipment	(13.570)	3.494	(31.124)	(27.006)
	<b>(13.570)</b>	<b>3.494</b>	<b>(31.124)</b>	<b>(27.006)</b>

#### NOTE 15 – FINANCIAL INCOME AND EXPENSES

For the periods 1 January – 30 June 2021 and 2020, financial income and expenses are as follows:

	<b>1 January -30 June 2021</b>	<b>1 April-30 June 2021</b>	<b>1 January -30 June 2020</b>	<b>1 April-30 June 2020</b>
<b>Financial income</b>				
Foreign exchange gains	57.518.414	31.830.278	6.455.376	3.626.140
Interest income on time deposits	8.773.193	5.129.902	2.359.747	1.380.539
Other	49.459	45.110	--	--
	<b>66.341.066</b>	<b>37.005.290</b>	<b>8.815.123</b>	<b>5.006.679</b>

	<b>1 January -30 June 2021</b>	<b>1 April-30 June 2021</b>	<b>1 January -30 June 2020</b>	<b>1 April-30 June 2020</b>
<b>Financial expenses</b>				
Foreign exchange expenses	(39.120.952)	(22.452.689)	(4.499.260)	(2.226.852)
Derivative transactions fair value difference losses, net	(531.430)	--	(611.508)	915.552
Interest expenses on bond issued	(6.253.224)	(3.276.460)	(3.757.186)	(1.741.483)
Lease interest expenses	(725.329)	(357.423)	(907.756)	(447.423)
Bank loans interest expenses	(9.303.259)	(4.622.540)	(13.104.098)	(7.633.850)
Other	(308.696)	(159.689)	(1.706.539)	(914.438)
	<b>(56.242.890)</b>	<b>(30.868.801)</b>	<b>(24.586.347)</b>	<b>(12.048.494)</b>

#### NOTE 16 – INCOME TAX

Total income tax benefit/ (expense) recognized in profit or loss for the year ended 30 June 2021 and 2020 are as follows:

	<b>1 January -30 June 2021</b>	<b>1 April-30 June 2021</b>	<b>1 January -30 June 2020</b>	<b>1 April-30 June 2020</b>
Current tax expense	3.095.683	13.264.612	(20.213.187)	(8.095.294)
Deferred tax (expense)/ income	1.061.102	1.162.644	893.717	(216.235)
<b>Toplam tax expense</b>	<b>4.156.785</b>	<b>14.427.256</b>	<b>(19.319.470)</b>	<b>(8.311.529)</b>

## TAT GIDA

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021

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

#### NOTE 17 – OTHER ASSETS

As at 30 June 2021 and 31 December 2020, the details of other assets are as follows:

<b>Other current assets:</b>	<b>30 June 2021</b>	<b>31 December 2020</b>
VAT receivables	23.548.967	57.340.425
Income accruals	13.065.395	9.710.307
VAT receivables arising from exports	1.305.883	3.693.130
Other	764.084	639.982
	<b>38.684.329</b>	<b>71.383.844</b>

  

<b>Other non-current assets:</b>	<b>30 June 2021</b>	<b>31 December 2020</b>
Advances given	35.249.594	18.580.385
	<b>35.249.594</b>	<b>18.580.385</b>

#### NOTE 18 – RELATED PARTY TRANSACTIONS

i) As of 30 June 2021 and 31 December 2020, the details of related party balances are as follows:

##### a) Deposits at banks:

<b>Yapı ve Kredi Bankası Anonim Şirketi (“YKB”)</b>	<b>30 June 2021</b>	<b>31 December 2020</b>
Time Deposits	12.515.724	4.845.604
Current Deposits	--	14.861
	<b>12.515.724</b>	<b>4.860.465</b>

##### b) Due from related parties:

	<b>30 June 2021</b>	<b>31 December 2020</b>
Düzey (*)	341.058.201	414.039.680
Ram Dış Ticaret Anonim Şirketi (“Ram”)	12.472.523	15.094.702
Other	6.888	--
	<b>353.537.612</b>	<b>429.134.382</b>

(\*) The Company’s domestic selling and marketing operations are carried out by the Koç Group Company, Düzey.

##### c) Due to related parties:

<b>Trade Payables</b>	<b>30 June 2021</b>	<b>31 December 2020</b>
Zer Merkezi Hizmetler ve Ticaret Anonim Şirketi (“Zer”) (*)	9.965.663	18.953.194
YKB	3.714.734	15.613.101
Koç Sistem Bilgi ve İletişim Hizmetleri Anonim Şirketi (“Koç Sistem”)	1.190.594	2.120.882
Otokoç Otomotiv Ticaret ve Sanayi Anonim Şirketi (“Otokoç”)	770.628	775.401
Ingage Dijital Pazarlama Anonim Şirketi (“Ingage”)	580.271	1.473.462
Koç Holding Emekli ve Yardım Sandığı	425.582	289.729
Temel Ticaret	253.342	225.635
Ram Sigorta Aracılık Hizmetleri Anonim Şirketi (“Ram Sigorta”)	151.094	9.555
Setur Servis Turistik Anonim Şirketi (“Setur”)	51.495	270.236
Elttek Elektrik Enerjisi İthalat İhracat ve Toptan Ticaret Anonim Şirketi (“Elttek”)	--	408.979
Other	2.783.678	1.623.801
	<b>19.887.081</b>	<b>41.763.975</b>

  

<b>Other Payables</b>	<b>30 June 2021</b>	<b>31 December 2020</b>
Koç Holding	2.997.281	9.854.993
<b>Total Trade and Other Payables</b>	<b>22.884.362</b>	<b>51.618.968</b>

## TAT GIDA

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021

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

#### NOTE 18 – RELATED PARTY TRANSACTIONS (CONTINUED)

(\*) Supplies, services, logistics and media are purchased from Zer

<b>Lease liabilities</b>	<b>30 June 2021</b>	<b>31 December 2020</b>
Temel Ticaret	6.045.126	6.200.549
Otokoç	3.639.000	3.433.934
Zer	102.420	176.269
<b>Total lease liabilities</b>	<b>9.786.546</b>	<b>9.810.752</b>

ii) For the periods ended 30 June 2021 and 2020, the details of significant sales to related parties and purchases from related parties are as follows:

a) Sales to related parties:

	<b>1 January-30 June 2021</b>	<b>1 January-30 June 2020</b>
Düzey (*)	450.922.236	619.983.721
Ram	53.187.309	35.889.383
Zer	68.416	21.559.690
	<b>504.177.961</b>	<b>677.432.794</b>

(\*) The Company's domestic selling and marketing operations are carried out by the Koç Group Company, Düzey. Average maturity date for Düzey is 90 days (2020: 90 days).

ii) For the periods ended 30 June 2021 and 2020, the details of significant sales to related parties and purchases from related parties are as follows (continued)

b) Purchase from related parties:

	<b>1 January-30 June 2021</b>	<b>1 January-30 June 2020</b>
Zer (*)	13.920.379	11.435.174
Koç Sistem	781.297	--
Opet Petrolcülük Anonim Şirketi	383.348	420.896
Divan Turizm İşletmeleri Anonim Şirketi	31.598	160.985
Koçtaş Yapı Marketleri Ticaret Anonim Şirketi	19.152	--
Other	13.673	10.936
	<b>15.149.447</b>	<b>12.027.991</b>

(\*) Company purchases packaging materials such as parcels, stretch, consumables such as caustic and nitric acid and all spare parts.

c) Services obtained from related parties:

	<b>1 January-30 June 2021</b>	<b>1 January-30 June 2020</b>
Zer (***)	16.211.123	29.339.645
Koç Holding (**)	4.570.000	3.800.704
Koç Sistem	1.816.225	2.054.017
Ram	1.358.931	473.352
Ingage	1.249.389	1.369.598
Otokoç	1.225.276	1.178.262
Temel Ticaret	1.167.342	1.059.526
Ram Sigorta (*)	215.948	700.811
Setur	114.988	230.783
Eltek	--	1.997.218
Other	121.494	163.849
	<b>28.050.716</b>	<b>42.367.765</b>

## TAT GIDA

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021

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

#### NOTE 18 – RELATED PARTY TRANSACTIONS (CONTINUED)

(\*) In the context of insurance policies signed via acting as insurance agent Ram Insurance and insurance companies, it includes the amount of premium paid accrued in the period ended 30 June 2021 and 2020, respectively.

(\*\*) The amount contains finance, legal consultancy, planning, tax consultancy, senior management service costs invoiced by the Company's parent company "Koç Holding" 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 purchases logistic, media and packaging services from Zer.

iii) For the periods ended 30 June 2021 and 2020, the details of financial income to related parties are as follows:

a) Interest income:

	1 January-30 June 2021	1 January-30 June 2020
YKB	509	254.575
	<b>509</b>	<b>254.575</b>

iv) For the periods ended 30 June 2021 and 2020, the details of other income and expenses from / to related parties are as follows:

a) Rent payment:

	1 January-30 June 2021	1 January-30 June 2020
Temel Ticaret	1.407.456	1.462.447
Otokoç	1.106.915	1.209.303
Zer	95.003	83.562
	<b>2.609.374</b>	<b>2.755.312</b>

b) Payments to key management:

Tat Gıda's senior executives have been determined as the Chairman and Members of the Board of Directors, General Manager, Assistant General Managers and Directors directly reporting to the General Manager. As at 30 June 2021, the total amount of benefits provided to Tat Gıda's senior executives is 4.188.598 TL (30 June 2020: 3.513.560 TL). After the costs incurred by Tat Gıda reflected to the companies it serves, short-term cost incurred by Tat Gıda has been realized as 3.504.671 TL (30 June 2020: 2.905.746 TL).

#### NOTE 19 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS

a) Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central treasury department (group treasury) under policies approved by the board of directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the company's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(Convenience Translation into English of Condensed Interim Financial Statements Originally Issued in Turkish)

**TAT GIDA**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021**

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

**NOTE 19 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (CONTINUED)**

The Company's financial risk policies and credit risk management practices has not been a significant change compared to previous periods.

*a.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.

(Convenience Translation into English of Condensed Interim Financial Statements Originally Issued in Turkish)

**TAT GIDA SANAYİ A.Ş.**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020**

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

**NOTE 19 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (CONTINUED)**

**a) Financial Risk Factors (continued)**

*a.1) Foreign Currency Management*

<u>30 June 2021</u>	<u>Receivables</u>				<u>Deposits</u> <u>in Banks</u>	<u>Derivative</u> <u>instruments</u>
	<u>Trade Receivables</u>		<u>Trade Receivables</u>			
	<u>Related Party</u>	<u>Third Party</u>	<u>Related Party</u>	<u>Third Party</u>		
Maximum credit risk exposure as of the reporting date (A + B + C + D + E)	<b>357.892.103</b>	<b>34.489.559</b>	--	<b>1.011.963</b>	<b>275.058.564</b>	--
- The portion of the maximum risk guaranteed by collateral.	--	--	--	--	--	--
A. Net book value of financial assets not overdue or impaired	185.363.511	31.855.828	--	1.011.963	275.058.564	--
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	172.528.592	2.633.731	--	--	--	--
- Collateral. vs secured part	--	--	--	--	--	--
D. Net book value of impaired assets	--	--	--	--	--	--
- Overdue (gross book value)	--	2.622.789	--	--	--	--
- Impairment (-)	--	(2.622.789)	--	--	--	--
- Not overdue (gross book value)	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--
E. Off-balances sheet items with credit risk	--	--	--	--	--	--

(Convenience Translation into English of Condensed Interim Financial Statements Originally Issued in Turkish)

**TAT GIDA SANAYİ A.Ş.**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020**

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

**NOTE 19 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (CONTINUED)**

**a) Financial Risk Factors (continued)**

*a.1) Foreign Currency Management*

<b>31 December 2020</b>	<b>Receivables</b>				<b>Deposits in Banks</b>	<b>Others</b>
	<b>Trade Receivables</b>		<b>Trade Receivables</b>			
	<b>Related Party</b>	<b>Third Party</b>	<b>Related Party</b>	<b>Third Party</b>		
Maximum credit risk exposure as of the reporting date (A + B + C + D + E)	<b>429.134.382</b>	<b>16.439.959</b>	--	<b>1.071.452</b>	<b>120.612.224</b>	<b>416.506</b>
- the portion of the maximum risk guaranteed by collateral.	--	2.624.931	--	--	--	--
A. Net book value of financial assets not overdue or impaired	311.576.931	7.838.464	--	1.071.452	120.612.224	416.506
B. Conditions found in re-interviewed, otherwise, the carrying amount of financial assets overdue or impaired.	--	--	--	--	--	--
C. Carrying value of financial assets that are past due but not impaired	117.557.451	5.976.564	--	--	--	--
- Collateral. vs secured part	--	--	--	--	--	--
D. Net book value of impaired assets	--	--	--	--	--	--
- Overdue (gross book value)	--	2.861.871	--	--	--	--
- Impairment (-)	--	(2.861.871)	--	--	--	--
- Not overdue (gross book value)	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--
E. Off-balances sheet items with credit risk	--	--	--	--	--	--

**TAT GIDA SANAYİ A.Ş.**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020**

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

**NOTE 19 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (CONTINUED)**

**a) Financial Risk Factors (continued)**

*a.2) Foreign Currency Management*

Foreign currency transactions lead to Exchange risk for company. Exchange risk is managed with forward foreign exchange purchase/sale contracts based on authorized policies.

The foreign currency denominated assets and liabilities of monetary and non-monetary items are as follows:

	<b>TL</b>			
	<b>Equivalent</b>	<b>USD</b>	<b>EUR</b>	<b>Other</b>
<b>30 June 2021</b>				
1. Trade Receivables	22.376.787	1.214.504	1.127.583	9.761
2.a Monetary financial assets	106.218.098	3.860.336	7.005.943	--
2.b Non-monetary financial assets	--	--	--	--
3. Other	--	--	--	--
<b>4. CURRENT ASSETS</b>	<b>128.594.885</b>	<b>5.074.840</b>	<b>8.133.526</b>	<b>9.761</b>
5. Trade Receivables	--	--	--	--
6.a Monetary Financial Assets	--	--	--	--
6.b Non-Monetary Financial Assets	--	--	--	--
7. Other	--	--	--	--
<b>8. NON-CURRENT ASSETS</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>9. TOTAL ASSETS</b>	<b>128.594.885</b>	<b>5.074.840</b>	<b>8.133.526</b>	<b>9.761</b>
10. Trade Payables	17.487.412	885.893	942.929	211
11. Financial Liabilities	--	--	--	--
12.a Other Monetary Financial Liabilities	856.634	98.405	--	--
12.b Other Non-monetary Financial Liabilities	3.449.827	396.295	--	--
<b>13. CURRENT LIABILITIES</b>	<b>21.793.873</b>	<b>1.380.593</b>	<b>942.929</b>	<b>211</b>
14. Trade Payables	--	--	--	--
15. Financial Liabilities	--	--	--	--
16.a Other Monetary Financial Liabilities	30.079	3.455	--	--
16.b Other Non-monetary Financial Liabilities	--	--	--	--
<b>17. NON CURRENT LIABILITIES</b>	<b>30.079</b>	<b>3.455</b>	<b>--</b>	<b>--</b>
<b>18. TOTAL LIABILITIES</b>	<b>21.823.952</b>	<b>1.384.048</b>	<b>942.929</b>	<b>211</b>
19. Net asset /liability position of off-balance sheet derivatives (19a-19b)	--	--	--	--
19.a Off-balance sheet foreign currency derivative assets	--	--	--	--
19.b Off balance sheet foreign currency derivative liabilities	<b>106.770.933</b>	<b>3.690.791</b>	<b>7.190.597</b>	<b>9.550</b>
<b>20. Net foreign currency asset/liability position</b>	<b>110.220.760</b>	<b>4.087.087</b>	<b>7.190.597</b>	<b>9.550</b>
<b>21. Net foreign currency asset/ liability position of non-monetary items (1+2a+6a-10-11-12a-14-15-16a)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
22. Fair value of foreign currency hedged financial assets	--	--	--	--
23. Hedged foreign currency assets	--	--	--	--
24. Hedged foreign currency liabilities	--	--	--	--

**TAT GIDA SANAYİ A.Ş.**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020**

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

**NOTE 19 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (CONTINUED)**

**a) Financial Risk Factors (continued)**

*a.2) Foreign Currency Management*

	<b>TL</b>			
<b>31 December 2020</b>	<b>Equivalent</b>	<b>USD</b>	<b>EUR</b>	<b>Other</b>
1. Trade Receivables	19.994.842	1.600.000	900.000	14.374
2.a Monetary financial assets	60.059.073	3.426.606	3.875.051	--
2.b Non-monetary financial assets	--	--	--	--
3. Other	--	--	--	--
<b>4. CURRENT ASSETS</b>	<b>80.053.915</b>	<b>5.026.606</b>	<b>4.775.051</b>	<b>14.374</b>
5. Trade Receivables	--	--	--	--
6.a Monetary Financial Assets	--	--	--	--
6.b Non-Monetary Financial Assets	--	--	--	--
7. Other	--	--	--	--
<b>8. NON-CURRENT ASSETS</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>9. TOTAL ASSETS</b>	<b>80.053.915</b>	<b>5.026.606</b>	<b>4.775.051</b>	<b>14.374</b>
10. Trade Payables	(10.136.625)	(1.137.848)	(197.414)	(600)
11. Financial Liabilities	--	--	--	--
12.a Other Monetary Financial Liabilities	(21.789.097)	(2.500.000)	(381.648)	--
12.b Other Non-monetary Financial Liabilities	(5.453.500)	(742.933)	--	--
<b>13. CURRENT LIABILITIES</b>	<b>(37.379.222)</b>	<b>(4.380.781)</b>	<b>(579.062)</b>	<b>(600)</b>
14. Trade Payables	--	--	--	--
15. Financial Liabilities	--	--	--	--
16.a Other Monetary Financial Liabilities	(5.432.538)	--	(603.086)	--
16.b Other Non-monetary Financial Liabilities	--	--	--	--
<b>17. NON CURRENT LIABILITIES</b>	<b>(5.432.538)</b>	<b>--</b>	<b>(603.086)</b>	<b>--</b>
<b>18. TOTAL LIABILITIES</b>	<b>(42.811.760)</b>	<b>(4.380.781)</b>	<b>(1.182.148)</b>	<b>(600)</b>
19. Net asset /liability position of off-balance sheet derivatives (19a-19b)	--	--	--	--
19.a Off-balance sheet foreign currency derivative assets	--	--	--	--
19.b Off balance sheet foreign currency derivative liabilities	--	--	--	--
<b>20. Net foreign currency asset/liability position</b>	<b>37.242.155</b>	<b>645.825</b>	<b>3.592.903</b>	<b>13.774</b>
<b>21. Net foreign currency asset/ liability position of non-monetary items</b>	<b>42.695.655</b>	<b>1.388.758</b>	<b>3.592.903</b>	<b>13.774</b>
<b>(1+2a+6a-10-11-12a-14-15-16a)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
22. Fair value of foreign currency hedged financial assets	--	--	--	--
23. Hedged foreign currency assets	--	--	--	--
24. Hedged foreign currency liabilities	--	--	--	--

**TAT GIDA SANAYİ A.Ş.**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020**

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

**NOTE 19 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (CONTINUED)**

**a) Financial Risk Factors (continued)**

*Foreign currency sensitivity*

The Company is mainly exposed to foreign currency risk in USD, EUR and British Pound (“GBP”).

The following table details the Company’s sensitivity to a 10% increase and decrease in the USD 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.

	<b>30 June 2021</b>	
	<b>Profit / Loss</b>	
	<u>Appreciation of foreign currency</u>	<u>Devaluation of foreign currency</u>
In the case of appreciation of USD at 10% ratio compared to TL		
1 – USD net asset / liability	3.557.890	(3.557.890)
2- Part of hedged from USD risk (-)	--	--
<b>3- USD net effect</b>	<b><u>3.557.890</u></b>	<b><u>(3.557.890)</u></b>
In the case of appreciation of EUR at 10% ratio compared to TL		
4 - EUR net asset / liability	7.452.694	(7.452.694)
5 – Part of hedged from EUR risk (-)	--	--
<b>6- EUR net effect</b>	<b><u>7.452.694</u></b>	<b><u>(7.452.694)</u></b>
In the case of appreciation of GBP at 10% ratio compared to TL		
7 - GBP net asset / liability	11.492	(11.492)
8 – Part of hedged from GBP risk (-)	--	--
<b>9 – GBP net effect</b>	<b><u>11.492</u></b>	<b><u>(11.492)</u></b>
<b>TOTAL</b>	<b><u>11.022.076</u></b>	<b><u>(11.022.076)</u></b>

(Convenience Translation into English of Condensed Interim Financial Statements Originally Issued in Turkish)

**TAT GIDA SANAYİ A.Ş.**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020**

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

**NOTE 19 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (CONTINUED)**

**a) Financial Risk Factors (continued)**

*Foreign currency sensitivity (continued)*

	<b>31 December 2020</b>	
	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 (-)	--	--
<b>3- US Dollar net effect</b>	<b>474.068</b>	<b>(474.068)</b>
In the case of appreciation of EURO at 10% ratio compared to TL		
4 - Euro net asset / liability	3.236.451	(3.236.451)
5 – Part of hedged from EURO risk (-)	--	--
<b>6- Euro net effect</b>	<b>3.236.451</b>	<b>(3.236.451)</b>
In the case of appreciation of GBP at 10% ratio compared to TL		
7 – GBP net asset / liability	13.697	(13.697)
8 – Part of hedged from GBP risk (-)	--	--
<b>9 – GBP net effect</b>	<b>13.697</b>	<b>(13.697)</b>
<b>TOTAL</b>	<b>3.724.216</b>	<b>(3.724.216)</b>

**NOTE 20 – SUBSEQUENT EVENTS**

With the material event disclosure declared on 30 July 2021, the Company announced that it has been decided to appoint Ms. Evren Albaş to the position of General Manager, effective as at 16 August 2021, due to the voluntarily resignation of the Company's General Manager Mr. Oğuz Aldemir as at 30 July 2021.