



Good Future

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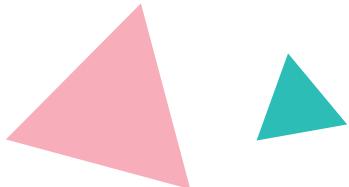
“ Taking a **value-focused service** approach, Migros serves its customers through its ecosystem of employees, farmers and suppliers, stores, and online sales channels.

“

67 years of trust

Migros offers its customers the benefit of 67 years of retailing experience that they know they can trust.

”



TL 36.3 billion



Migros realized a turnover of TL 36.3 billion in 2021.

40,470



The number of people on Migros' payroll reached 40,470 in 2021.

Over 1,500



Migros worked with more than 1,500 suppliers in 2021.

49.18%



49.18% of Migros' shares are publicly traded.

81 provinces



Migros serves all 81 of Turkey's provinces through its physical store and online channels.

13th



Migros ranks 13th in Fortune magazine's top 500 Turkish companies list.

16th



Migros ranks 16th in Capital magazine's top 500 Turkish companies list.

leading brand



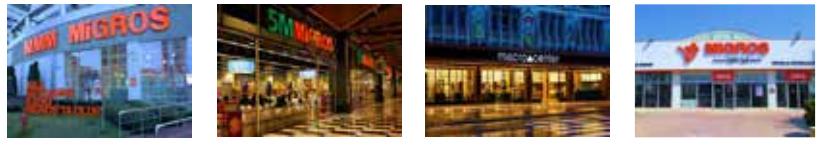
Turkey's leading brand in digitalization and innovative products and services.

Extensive omnichannel access

Migros' reach and accessibility are boosted by physical stores combined with digitally-integrated multichannel access.



Physical stores



Supermarkets

Hypermarkets

Macrocenter

Wholesale

Online



To create even more value



Loyalty Program

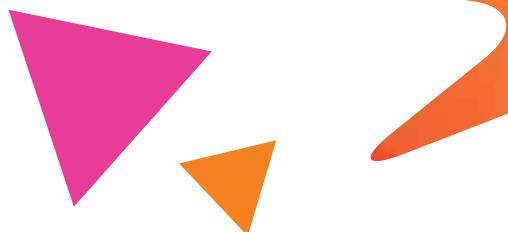
9.7 million households,
Money Card Loyalty Program
15.5 million active users



“The best shopping experience”

Migros offers its customers the best shopping experience, the best quality, and the widest selection of product choices all at competitive prices.

”



Affordable prices



Wide range of product offerings



Freshness, quality, hygiene



Excellent customer experience



“

Strong financial management

Effective and strong financial management is one of the cornerstones of Migros' success.

”



TL 36,272
[million]

Net Sales

2020-2021 Change 26.0%

TL 36,240
[million]

Domestic Sales

2020-2021 Change 26.5%

TL 3,055
[million]

EBITDA

2020-2021 Change: 32.2%

8.4%

EBITDA Margin

2020: 8.0%

15.5%

Share of Online Sales*

**Excluding tobacco and alcoholic beverages*

2.7%

CAPEX / Sales

2020: 1.9%

0.3x

Net Cash / EBITDA

Net Debt / EBITDA 2020: 0.4x

359 TL
[million]

Net Profit

2020: TL -403 million



Towards a sustainable future

Migros puts the goal of creating value for all of its stakeholders at the core of its business model.

Migros Better Future Plan

A better future
for our world

A better future
through innovative
transformation

A better future
for our customers
& stakeholders

A better future
for our employees

8 years in a row

The only food retailer included in the
BIST Sustainability Index

Since 2015

In the BIST Corporate Governance
Index

**Regular annual reporting to the
CDP Climate Change and CDP
Water programs**

Climate Leader in 2016, 2017, 2018.
Water Leader in 2020

A top-10 company

One of Turkey's top ten companies
in Capital magazine's rankings of
firms based on their ecological-
awareness, social-responsibility, and
sustainability-strategy performance

Migros sustainability targets

By 2030

By 2026

Reduce electricity
consumption
(per m²)*

Reduce water
consumption
(per m²)*

Reduce greenhouse
gas emissions
(per m²)*

Reduce food waste
(ton)**

Increase percentage
of women in senior
management**

35%
2019-2021
Improvement: **15%**

10%
2019-2021
Improvement: **32%**

35%
2019-2021
Improvement: **19%**

50%
2018-2021
Improvement: **22%**

27-33%
2021: **25%**

* Base year: 2019 ** Base year: 2018

“

Migros helps support its shoppers' household budgets by offering them affordable prices.

”





CHAIRMAN'S MESSAGE

Migros will continue to grow. We will be opening new physical and online stores; we will be exploring and accessing new business channels; we will be growing our business in general.



Honored partners:

I respectfully greet you all on the occasion of Migros' 2021 ordinary general meeting.

Economic & sectoral assessment

In 2021 the coronavirus epidemic once again continued to adversely affect national economies everywhere. The Turkish economy for its part achieved a remarkable performance with around an 11% rate of growth last year. Exports and industrial output were up significantly and both were the engines of that growth. On the other hand however, increases were also to be observed in exchange and inflation rates while a nearby geopolitical crisis in our own region increased growth- and inflation-related risks.

Having had to contend with pandemic-mandated restrictions in the first half of the year, our country's food retailing industry embarked upon a process of renormalization from summer onwards. Our sector's growth continued in 2021 as did its significant direct and indirect contributions to total employment. Our sector also benefited last year from renewed vigor in tourism and from expenditures made by foreign tourists in the summer. Investments in e-commerce, which gained momentum from the very outset of the pandemic, continued at an increasing pace in 2021. Investments undertaken both by existing retailers as well as by new entrants focused on expediting deliveries however thoroughly increased the already intense competition in a sector that was witness to the opening of many new physical stores and to significant growth in the number of locations providing online service.

Strategies & operational performance

For Migros, 2021 was a year in which the sale of its operations in North Macedonia was finalized and the company was able to concentrate completely on its domestic operations. Despite the pandemic, our investments in physical stores and in stores contributing to our online service network continued to increase. Migros' physical growth continued with the opening of 307 new stores, the addition of which brought the total number in its portfolio to 2,567 as of end-2021. The number of stores providing online service also increased by 338 and reached 867. Besides serving customers in all 81 of Turkey's provinces through its physical and online stores, Migros also expanded its service reach by making its offerings accessible to shoppers through agreements with a number of digital marketplace platforms.

In 2021, Migros' consolidated sales increased by 26.0% year-on and reached TL 36.3. Despite an intensely competitive environment and increasing costs, the company was able to generate strong free cashflow through the conduct of its operations as a result of discipline in its operational expenses. EBITDA topped TL 3 billion and yielded a EBITDA margin of 8.4%. In 2021 Migros booked a net profit of TL 359 million.

A healthier balance sheet structure

In 2021 Migros completely extinguished all of its outstanding EUR-denominated debt, thereby also eliminating a serious balance-sheet risk. Migros also achieved a healthier balance sheet structure by reducing its TL debt as well.

The improvement in Migros' financial outlook in recent years is also reflected in its Fitch Ratings-assigned credit ratings. In July 2020, Fitch Ratings increased Migros' existing "A+[tur]" long-term credit rating to "AA[tur]". In 2021 Fitch further increased this to "AAA[tur]" with a stable outlook. This is the highest national rating that Fitch assigns to companies based in Turkey.

For a better future

Esteemed Migros stakeholders:

As I'm sure you're aware, problems associated with climate change caused by global warming were felt more than ever in many countries last year. Here in our own country we were all distressed as many people unfortunately suffered from disastrous flooding caused by excessive precipitation in the Black Sea region and from forest fires that broke out in many provinces during the summer. For our

own part and with an awareness of our responsibility as Migros, we are devoting even greater attention to sustainability issues and focusing on giving the future the value it deserves by doing our jobs properly.

Honored partners, Migros works hard to supply its customers with goods that are affordable, wholesome, and fresh. 77% of our business consists of products that are agriculture-based; procuring and selling these products at affordable prices is a matter of great concern for us. In recent years both climate change and global rises in energy prices have been having a significant impact on Turkey's farming sectors. It is in light of such developments that the value of Migros' localization strategy of supporting farmers and other smallholding producers becomes even more apparent. Migros is stocking its shelves increasingly more with locally-sourced products and giving purchase guarantees to selected local smallholding producers, especially to women-owned cooperatives. Our company supports a value chain that includes locally-produced, locally-sourced, and locally-sold products. By creating such local-sourcing and consumption opportunities, Migros helps reduce carbon emissions by curtailing some of its existing carriage and transport processes.

As Migros we strive to reduce our carbon emissions for the sake of a better future. Between 2019 and 2021, we improved our m² operational area/carbon emissions performance by 18.8% and we have set ourselves of reducing such emissions by 35% by 2020. We are working with our suppliers and producers, we are reviewing production processes as well as our food-destruction and loss performance,

and introducing new processes and undertaking new projects to increase productivity in order to achieve our sustainability goals. We also devote some of our energies to improving the business ecosystem of which we are a part.

Our actions are informed by an awareness that all consumers have a right to wholesome, eco-friendly, quality, and affordable goods. We see our efforts to make this a reality as the fulfillment of our responsibilities towards the future and generations yet unborn.

The outlook for the future

Esteemed partners:

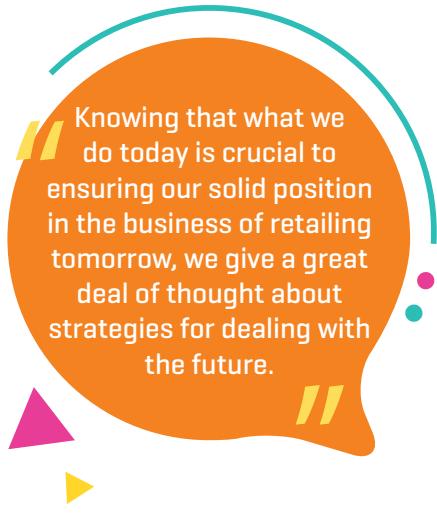
In 2022 and the years that follow, Migros will continue to grow. We will be opening new physical and online stores; we will be exploring and accessing new business channels; we will be growing our business in general. We will continue to be more productive and more profitable through new undertakings in our ongoing efforts to adapt to a rapidly-changing world. We will strive to create more added value for our country, for our suppliers, for our customers, and indeed for all of our stakeholders.

Wishing you, your families, and loved ones the best of health, I end this message offering you all my love and respects.

Tuncay Özilhan

Chairman of the Board of Directors
Migros Ticaret A.Ş.

CEO'S MESSAGE



Esteemed partners:

Economic review and Migros' position in the sector

With new cases of infection on the rise in our own country and around the world, the impact of the global pandemic on economic and social life was particularly acute in the first half of 2021. As our country's vaccination program moved forward however, production, export, and growth figures indicated that Turkey's economy was regaining vigor. That vigor was further boosted by significant increases in domestic and foreign tourist arrivals in our country's Aegean and Mediterranean resort areas. Occasional exchange rate volatilities and hefty input costs notwithstanding, intensive efforts on the part of producers and organized retailers forestalled severe supply chain disruptions and ensured that consumers had access to food and necessities.

Continuing to grow last year with new store openings and through the expansion of online service channels, Turkey's food retailing industry once again contributed significantly to the national economy

and to employment. Thanks to the dedication of its employees and suppliers, Migros continued to serve shoppers without interruption in all of its stores everywhere in the country. Our company not only opened new stores to cope with increasing customer demand but also undertook substantial investments in the expansion of the online services that were increasingly more in demand since the onset of the pandemic.

Financial & operational performance

Last year Migros continued to grow thanks to its diverse offerings of affordably-priced goods, service quality, and omnichannel customer-accessibility. Migros' consolidated sales were up by 26% year-on-year in 2021 and reached TL 36.3 billion while its domestic sales registered a 26.5% rate of growth. In 2021 Migros opened 307 new stores, thereby bringing the total number to 2,565. Supported by expanded capacity, online sales just about doubled year-on-year and made a significant contribution to our overall growth. Last year Migros invested a total of TL 969 million on physical and online channel expansion, infrastructure improvement, and new technology

acquisition. It also contributed to our country's growth and employment by taking on 8,000 new employees.

Although having to conduct business in the midst of a pandemic did increase operational costs, that was countered by various cost-cutting measures, with the result that in 2021 Migros registered a consolidated EBITDA (earnings before interest, taxes, depreciation, and amortization) of TL 3.1 billion and an EBITDA margin of 8.4%. A year-on-year reduction in total indebtedness also helped counter higher financing costs. The upshot is that in 2021 Migros posted a net profit of TL 359 million.

Strategies for a better future

Esteemed partners, for several years now we have been focusing our attentions on our domestic operations. Last year we sold off our North Macedonia operations and successfully completed our exit from that country. We have also transferred ownership of our retailing operations in Kazakhstan. This has been done so that we may concentrate our energies on domestic market physical growth and on pursuing

online channel expansion opportunities. While responding to pandemic-induced rapidly-changing customer expectations, we are also developing new partnership/affiliate structures capable of ensuring the sustainability of our company's long-term growth.

In October 2021 we set up Dijital Platform Gıda Hizmetleri A.Ş. [MigrosOne], a company whose mission is to accelerate the growth and development of our company's online channels so as to respond to the changing and proliferating needs of online retailing in foods and other business lines. This new company's focus on online business channels means that we will be able to make decisions about them more quickly. We are also exploring logistics solutions capable of keeping pace with the growth in our online operations. In April 2022 for example we increased our stake in Paket Lojistik ve Teknoloji A.Ş., a home-delivery company, from 25% to 75%.

Another new company that we have set up is Mimeda Medya Platform A.Ş. ["Mimeda"]. Incorporated in June 2021, Mimeda's missions are to supply Migros' media assets to all advertisers more effectively and to identify the actual potential of data-driven marketing activities. Mimeda has already begun delivering data-driven products to its customers.

Immediately after its formation last year, Migros subsidiary MoneyPay set about developing fintech [financial technology] applications. It quickly came up with and put into effect a variety of solutions capable of supporting our customers' household budgets and making life easier for them such as money transfers and utility-bill payments without the need for a bank account. Also forthcoming were new features such as an e-wallet and "Buy Now Pay Later".

Information technologies are always a top-priority issue on our agenda. We never hesitate to invest in new technologies that we believe will enhance efficiency and create new opportunities. Just one example is Migros Up, a co-innovation platform that supports startups and makes it possible

for us to embrace the innovative and fast solutions that startups come up with for improving Migros' business processes.

A better future

We regard the global climate crisis not just as something that will have an impact on our lives in the future but as a crucial issue that is deeply affecting them today. As Migros, our efforts on behalf of sustainability include mobilizing the business ecosystem of which we are a part for the sake of a better future. As we go about our business we must of course focus on costs but at the same time we never fail to take into account how our decisions may affect the environment and we always seek out eco-friendly solutions.

Sustainability-related issues such as reducing food and plastic waste, expanding our focus on sustainable farming practices, safely transporting goods from producers everywhere in the country to each and every one of our stores, and ensuring gender and opportunity equality are all matters to which we give increasingly more attention and incorporate into our targets.

I am pleased to note that Migros' efforts on behalf of sustainability have attracted international attention and praise. "How regenerative farming policy will change markets", an article published on the Financial Times Global Sustainability Platform, refers to Migros as "an inspiring case study" in dealing with sustainability issues.

Esteemed Migros stakeholders, knowing that what we do today is crucial to ensuring our solid position in the business of retailing tomorrow, we give a great deal of thought about strategies for dealing with the future. In the midst of so much all-encompassing change, leaders who are flexible and capable of making data-driven decisions and of adapting to change are the ones who will ensure Migros' success in the future as well.

In 2022 our goals will be to open more than 200 more new physical stores, substantially increase the number of

stores contributing to our online services, create 8,100 new jobs, and undertake at least TL 1.2 billion in investments. In the years ahead we will be creating even more value for our stakeholders and turn Migros back into a company that pays its shareholders dividends.

Esteemed stakeholders, I have one final message for our customers. Agriculture is foremost among the sectors that suffer the most from the climate crisis. Worldwide pandemic-induced rises in commodity prices as well as losses in agricultural output brought on by geopolitical and climate crises have also increased our suppliers' production costs. Here at Migros our focus is always on one thing: ensuring that our customers have uninterrupted access to quality goods that are also affordable and wholesome. As a publicly-traded food retailing company in an extremely low-margin and intensely-competitive industry, we want to make certain that affordably-priced goods are always available in our stores so that we may serve even more customers even better. As Migros, we are pleased that such efforts are appreciated by our customers. Nourished by your love, the Migros brand has been growing steadily in this country since 1954. We take pride in our more than half-century old reputation as an "honest seller". Take comfort then in knowing that our "unshakable values" are a constant as ever and that we have never even once failed to carry forward our "honest seller" banner. Know too that we will tirelessly continue to carry it forward for you so long as Migros exists.

My respects to you all.

Ö. Özgür Tort

Member of the Board of Directors & CEO
Migros Ticaret A.Ş.

STORE FORMATS

MiGROS



macro▲center



MIGROS
sanalmarket

MIGROS
Hemen

MIGROS
EKSTRA

macro▲online

Taze
Direkt



MİGROS

Celebrating its 67th year in Turkey's food retailing industry, Migros offers customers a superior shopping experience in all 81 of the country's provinces through its M, MM, MMM, and 5M format stores along with innovative practices, family budget-friendly, prices, and cheerful service. As the repeated originator of firsts that have radically changed retailing attitudes and approaches in Turkey, Migros is the face of change in the country's food retailing industry.

81 provinces

2,455 stores

MACROCENTER

With its choice product portfolio, excellent customer service, and stylish store layout and design, Macrocenter is Turkey's most distinguished brand in upscale gourmet and fine cuisine offerings. In addition to delicacies from around the world that appeal to its customers' lifestyles and preferences, Macrocenter offers a wide selection of uniquely regional and local specialties brought in from every part of Turkey. But Macrocenter doesn't just offer its customers the very best in service quality that adds value to their lives and exceeds their lives: Whatever Macrocenter does, it does it with passion.

14 cities

76 Macrocenter

34 Macrokiosk

MİGROS E-COMMERCE

In addition to Migros Sanal Market, which was Turkey's first food retailing website when it was launched in 1997 and which today serves all 81 of Turkey's provinces, Migros offers a range of online shopping solutions that address customers' needs through Macrocenter's Macroonline website, Migros Hemen's promise of 30-minute delivery times, and TazediRekt's ever-expanding portfolio of offerings and exclusive service for customers who prefer organic, unprocessed, and other natural products. Through its investments in channels such as these, Migros is creating the future of retailing.

www.migros.com.tr

www.macrocenter.com.tr

www.tazediRekt.com

**Migros
Sanal Market 81 cities**

**Migros
Hemen 49 cities**

Macroonline 9 cities

TazediRekt 6 cities

NUMBER OF STORES FROM PAST TO PRESENT





MILESTONES



“ 1954 ”

Migros is established as a joint venture of the Swiss-based Migros Cooperatives Society and the İstanbul municipality.

1954 ESTABLISHED

Migros is established as a joint venture of the Swiss-based Migros Cooperatives Society and the İstanbul municipality.

1957

First store opening in the İstanbul Beyoğlu fish market.

1975

Koç Group acquires a majority stake in Migros.

1988

Migros ventures outside İstanbul for the first time by opening four stores in İzmir.

1990

Large-scale retailing begins with the introduction of the "MM" and "MMM" formats.

Migros introduces part-time employment practices to Turkey's food retailing sector.

Migroskop begins publication.

Turkey's first computerized automatic-weighing cash registers are introduced at Migros stores.

1991

Migros goes public.

1995

Migros-branded private label products appear on the shelves of Migros stores.

Migros starts sales with credit cards in the retailing sector.

1996

Migros ventures abroad with its first store in another country.

First electronic shelf tags go into use.

1997

Migros launches Migros Sanal Market, Turkey's first online food retail operation.

Migros opens its first shopping mall in the Beylikdüzü district of İstanbul.

1998

Migros introduces Migros Club Card, the first loyalty card system in Turkey's food retailing industry.

1999

Turkey's-and Europe's-first "self-checkout" customer activated terminal goes into service.



2005

Migros acquires Tansaş, a national food retailer.

Macrocenter format is launched.

2007

"5M" hypermarket format is launched.

2009

Following the transfer of Koç Group's stake in 2008, MH Perakendecilik ve Ticaret A.Ş. becomes Migros' major shareholder.

Migros introduces the first "express checkout lane" to shoppers in Turkey.

2011

Migros Jet convenience store format is launched.

2014

Migros celebrates its 60th anniversary.

2015

Anadolu Group acquired 40.25% of Migros shares.

2016

Migros added the Tazeditrekt online food shopping brand to its portfolio.

2017

Anadolu Group's share in Migros reached 50%.

2018

Migros merged with Kipa, of which it acquired 95.50% stake in 2017, under the roof of Migros.

2019

Migros Hemen, a new e-commerce sales channel, was launched.

2020

Migros' online service network reached all 81 cities of Turkey.

Use of the contactless payment app Mkolay is expanded and the app is integrated into self-checkout counters.

The number of stores providing online service almost tripled.

2021

Migros' media-sector subsidiary Mimedya Medya Platform A.Ş. is established.

Migros subsidiary Dijital Platform Gıda Hizmetleri A.Ş. is set up and charged with online channel development.

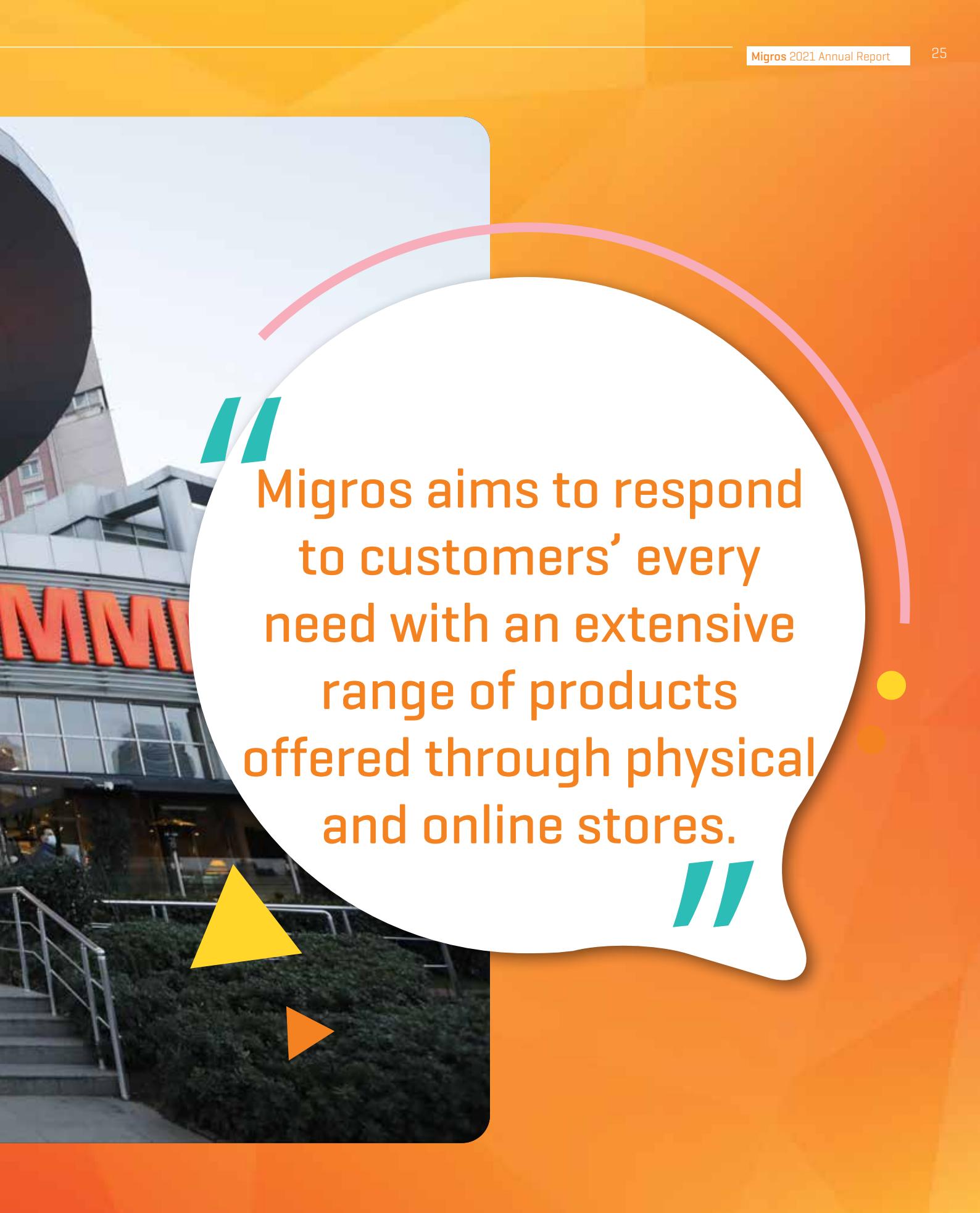
Migros Sanal Market, Migros Hemen, and Migros Extra operations are all brought together onto a single platform.

2021

Migros Sanal Market,
Migros Hemen, and Migros
Extra operations are all
brought together onto a
single platform.







“ Migros aims to respond to customers’ every need with an extensive range of products offered through physical and online stores. ”

CORPORATE PROFILE

In every aspect of living

Migros takes a “value-focused service in every aspect of living” approach when providing its customers with products and services.



Accessible to 98% of households in Turkey, Migros works for the sake of a sustainable future by providing innovative solutions which support its customers' budgets as well as their health and social wellness and which add speed, convenience, and value to their lives.



Accessible to 98% of households in Turkey, Migros works for the sake of a sustainable future by providing innovative solutions which support its customers' budgets as well as their health and social wellness and which add speed, convenience, and value to their lives.

Migros takes a “value-focused service in every aspect of living” approach as it serves customers through an ecosystem of more than 50,000 employees, 20,000 farmers and producers, 3,000 suppliers, more than 2,500 stores, and online sales channels. Blending 67 years of experience with advanced technology, the company blazes new trails through the digital-

transformation landscape while developing and carrying out projects which go beyond today’s retailing practices and have the potential to shape the future course of retailing worldwide. Selling more fresh produce than any other retailer in Turkey, Migros contributes significantly to the national economy by supporting the country’s farming and farmers.

VISION-MISSION-STRATEGIES-VALUES-PRINCIPLES



VISION

To always be shoppers' first-choice address by providing superior customer attention and a dependable shopping experience.

MISSION

To offer a unique shopping experience that combines unrivalled service quality, innovative practices, rich product diversity, and prices that contribute to families' budgets. To engage in socially and environmentally beneficial activities that create value for all stakeholders.

OUR STRATEGIES

Migros' core strategies are:

- Unique shopping experience
- Omnichannel growth
- Sustainable ecosystem
- Competitive, winning corporate culture

Fairness Transparency Responsibility Accountability



VALUES

Migros' corporate values, which everyone adheres to and which are fashioned through the participation of all employees, are as follows:

- Customer Focus
- Trust
- Sensitivity
- Leadership
- Efficiency
- Innovation

PRINCIPLES

Believing in the importance of having a strong corporate governance structure, Migros makes corporate governance principles its guide during every stage of every activity. As one outcome of its corporate governance attitudes, the Company acts in accordance with its awareness that adherence to the corporate governance principles published by the Capital Markets Board is beneficial not just to Migros itself but to all of its stakeholders and to the country as a whole. Detailed, up-to-date information about Migros and its corporate governance practices is published on the Company's corporate website.

Migros has adopted all four basic tenets of corporate governance:

- Fairness
- Transparency
- Responsibility
- Accountability.

2021 AT A GLANCE



“

innovator

Migros introduced innovations in many different areas in 2021.

”

Value-focused service

In 2021 Migros once again continued to take a “value-focused service in every aspect of living” approach as it served its customers through an ecosystem of more than 50,000 employees, 20,000 farmers and producers, 3,000 suppliers, more than 2,500 stores, and online sales channels.

Prioritizing the health and safety of its employees and customers during a pandemic and continuing to blend its 67 years of experience with cutting-edge technologies, Migros is in the vanguard of its sector’s digital transformation. The company develops projects whose impact goes beyond present-day retailing attitudes and which will help shape the future course of retailing worldwide.

As a result of its many years of investment in customer-focused agile transformation, omnichannel access, digitalization and advanced technology, people, and business and global sustainability, Migros has a tremendous ability to respond nimbly to its customers’ demands.

As a company that pioneered digital retailing in Turkey, Migros incorporates innovation, technology, and digitalization into all of its business practices. Continuing to embrace the latest developments and newest technologies, Migros introduced innovations in many different areas in 2021.

trailblazer

Migros undertakes projects that go beyond today's retailing practices and have the potential to shape the future course of retailing worldwide.



Last year witnessed the launch of many new projects and services such as Migros Up, a co-innovation platform for entrepreneurs and specialist Migros personnel; Mkolay Kantin, which offers a self-service convenience-store experience in workplace and office settings; blockchain-based apps and practices; and TARO, a robotic product-picking assistant that increases workforce productivity in the conduct of online operations. In addition, the operations of Migros Sanal Market, Migros Hemen, and Migros Extra were all brought together onto a single platform last year.

New media and e-commerce ventures

Set up in June 2021, Mimedya Medya Platform A.Ş. ("Mimedya") is a Migros-owned media-sector company whose missions are to supply Migros' media assets to all advertisers more effectively and to identify the actual potential of data-driven marketing activities. Mimedya has already begun delivering data-driven insights to its customers.

single platform

Migros Sanal Market, Migros Hemen, and Migros Extra operations have been combined on a single platform.

2021 AT A GLANCE



Dijital Platform Gıda Hizmetleri A.Ş. is a company which was established in October 2021 and which focuses on speeding up the development of Migros' online channels in light of the changing and proliferating demands of consumers on online retailing, foods, and similar business lines.

MoneyPay, another Migros subsidiary, continued to expand its product portfolio in 2021. The integration of Migros' Mkolay and MoneyPay applications was completed during the year, as a result of which Mkolay users can now pay for purchases with their MoneyPay balances or via their ready-to-use credit limits through the Mkolay app without having to pass through a checkout counter.

Strong financial management

2021 was a year in which Migros achieved important progress on the financial-management front. Even as the company continued with its investments, the EUR-denominated debt which had been carried on its books for many years was finally extinguished. The company also reached a net cash position last year (excluding IFRS 16 impact).

On 27 July 2021 the international rating agency Fitch Ratings upgraded Migros' National Long-Term Rating from "AA[tur]" to "AAA[tur]" (Outlook: Stable). This is the highest national rating that Fitch assigns to companies based in Turkey.

Financial Times:

"An inspiring case study"

In "How regenerative farming policy will change markets", an article published on the Financial Times' Global Sustainability Platform, Migros is referred to as "an inspiring case study" in dealing with sustainability issues.

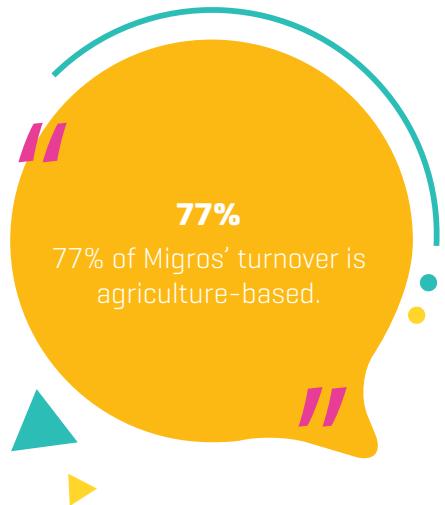
A model of corporate sustainability

Migros' efforts on behalf of sustainability have attracted international attention and praise. "How regenerative farming policy will change markets", an article published on the Financial Times Global Sustainability Platform, refers to Migros as "an inspiring case study" in dealing with sustainability issues.

Migros' many efforts and performance in the areas of environmental, social, and economic sustainability have made it the only retailer to be included in the BIST Sustainability Index every year since 2014.

Turkish farmers' biggest supporter

As a company 77% of whose turnover is agriculture-based, in 2021 Migros once again continued to make sustainable agriculture one of its priorities. Migros' ability to reach producers located everywhere in the country ensures that its customers have access to products at the most affordable prices. Moreover by making purchases directly from farmers, Migros also supports world-class sustainable-agriculture practices among them.



AWARDS & RECOGNITIONS

Webrazzi Award

On 18 January 2021, Migros Sanal Market was voted “Online Grocery Delivery Service of the Year” by respondents in the latest round of Webrazzi awards.



Social Achievement Award

On 7 June 2021, Migros’ “Agriculture Is Our Future” project earned the company an “Outstanding Achievement During The Pandemic” award in the latest round of Social Retail Sun awards.



CDP Turkey Water Leader

On 31 March 2021, Carbon Disclosure Project Turkey designated Migros a “CDP Turkey Water Leader” in recognition of the success of the company’s 2020 Water Program Report.



TÜAD Baykuş Award

On 12 October 2021, Migros received seven awards in six different categories in Turkish Researchers’ Association’s Baykuş awards.



PLMA International Salute to Excellence awards

Three Migros private-label products received honors in three different categories during the 2021 round of International Salute to Excellence awards handed out annually by the prestigious Private Label Manufacturers Association to retailers in recognition of innovation and quality in the creation of their private label programs.



Etika

Migros was cited as one of “Turkey’s Most Ethical Companies” in the 2019- 2020 rounds of ETİKA awards handed out by the Center for Ethical Values.



Most Admired Companies awards

In Capital magazine’s recent annual survey of Turkey’s Most Admired Companies, Migros was cited for the 18th year in a row as “Most Admired Retailer” and it also ranked among the country’s top 20 most admired companies irrespective of sector.



Lovemark Award

In a survey conducted by Ipsos for MediaCat to identify Turkey’s Lovemarks, Migros was honored with the award in the Online Market category.





“ Freshness, quality, and hygiene are three principles to which Migros is absolutely committed. ”

KEY INDICATORS



17.7%

In 2021, the company's total assets reached TL 18.1 billion in value, up 17.7% year-on-year.

Summary Consolidated Balance Sheet

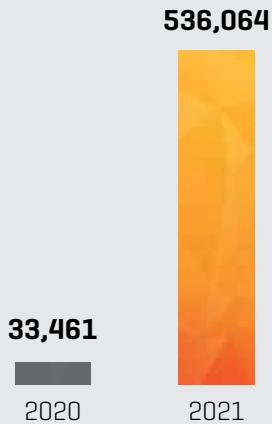
[TL thousand]	2021	2020	Change
Assets			
Current Assets	8,703,724	7,330,921	18.7
Non-Current Assets	9,396,601	8,047,138	16.8
Total Assets	18,100,325	15,378,059	17.7
Liabilities			
Current Liabilities	13,108,998	10,402,951	26.0
Non-current Liabilities	4,455,263	4,941,647	-9.8
Non-controlling Interests	0	2,400	n.m.
Attributable to Equity Holders of the Parent	536,064	31,061	1625.8
Total Liabilities and Equity	18,100,325	15,378,059	17.7

Summary Consolidated Statement of Income from Continuing Operations

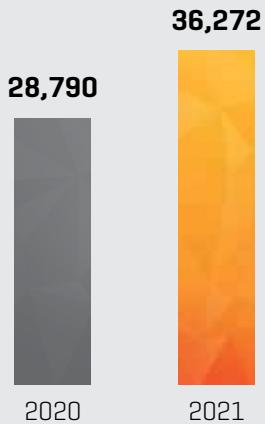
[TL thousand]	2021	2020	Change
Net Sales	36,272,243	28,790,190	26.0
Gross Profit	8,754,503	6,771,215	29.3
Operating Profit	859,118*	1,033,952	-16.9
Net Income	358,203	(403,945)	n.m.
EBITDA	3,054,808	2,310,565	32.2
EBITDA (excluding UFRS 16 impact)	2,147,873	1,496,518	43.5
Domestic Sales	36,240,111	28,637,361	26.5

* Includes a provision to cover the TL 388 million paid in February in recognition of a fine levied by the Competition Authority.

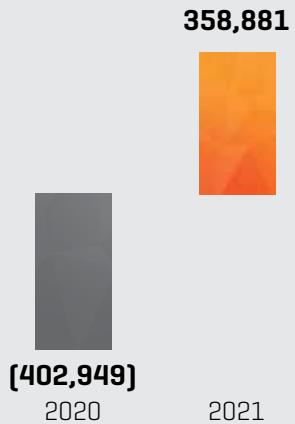
Shareholders' Equity
[TL Million]



Net Sales
[TL Million]



Net Profit
[TL Million]



TL 36.3 billion

In 2020, Migros increased its consolidated sales from continuing operations by 26% year-on-year, thereby bringing them to TL 36.3 billion.



TL 359 million

Migros achieved a net profit of TL 359 million as a result of its operations in 2021.



FINANCIAL REVIEW



8.4%

Migros booked a consolidated EBITDA of TL 3,055 million last year and showed an EBITDA margin of 8.4%.

The North Macedonia operations that Migros disposed of in March 2021, in line with the company's decision to concentrate on its domestic operations, are classified as "Discontinued operations" in the 2021 and 2020 financial statements.

In 2021 Migros booked TL 36.3 billion in consolidated sales, which were up strongly by 26% year-on. Owing to pandemic-related lockdowns, there was a loss of customer traffic in the company's bigger outlets during the first half-year but this was made up by strong and steady growth in online sales. As compared with 2020, Migros' online sales were up by 87% year-on and, as of end-2021, such sales accounted for 15.5% of total sales [excluding tobacco and alcoholic beverages].

In the second half-year, Turkey's vaccination program gained momentum and restrictions on movement and public gatherings were relaxed. The result was a strong recovery in footfall in the company's biggest stores, including those located in malls. A third-quarter recovery in tourism together with increased fourth-quarter consumer demand in some non-food product categories [especially during November and December] fueled the growth in the company's sales.

Migros' ability to consistently generate cashflow remained strong in 2021. The company booked a consolidated EBITDA of TL 3,055 million last year and showed an EBITDA margin of 8.4%. Reducing debt and keeping higher operational costs under control were the two issues to which the most attention was given.

financial success

Continuing to generate strong free cashflow, in 2021 Migros also extinguished its euro-denominated debt.



Zero-based budgeting

Introduced last year, Zero-Based Budgeting is the name given to a project that every Migros department devoted the utmost attention to in 2021. Designed to achieve budget economies throughout the company, this project began with the formation of a process-management team. The company's costs were categorized and every process that generated costs in each category was analyzed one by one. Ideation workshops were organized, during which ideas capable of conserving budget resources in different categories were identified. Workshop participants came up with more than a hundred such ideas. Projects based on these ideas generated significant savings during 2021.

Net Cash Position

After many years of steadily and significantly reducing EUR-denominated debt that it had been carrying on its books, Migros finally extinguished it entirely in 2021 thereby moving the company from a net debt to a net-cash position. In 2021, the company showed a IFRS 16-excluded net cash position of TL 660 million. When the effects of IFRS 16 are excluded, the 0.4x net debt/EBITDA ratio that Migros showed in 2020 changed into a 0.3x net cash/EBITDA ratio in 2021.

Zero-based budgeting

Significant savings were achieved as a result of the ZBB projects carried out in 2021.

FINANCIAL REVIEW

“

TL 969 million

Migros booked TL 969 million as capital expenditures in 2021.

”



Continuing to increase its footprint through investments in both its online channels and its physical store network, Migros booked TL 969 million as capital expenditures in 2021. During the year, 307 new stores were opened, bringing the total number in the company's portfolio to 2,565. The number of stores offering online service also increased from 529 to 867.

As is detailed in the "Board of Directors report" section of the annual report, a TL 388 million payment was made in February 2022 in response to a fine levied

by the Competition Authority. A provision in this amount has been included in the company's 2021 financial statements.

In 2021 Migros booked a net profit of TL 359 million. Total equity, which was TL 33 million in 2020, grew substantially year-on and amounted to TL 536 million as of 31 December 2021.

The Migros Dividend Distribution Policy is presented in the "Corporate Governance Principles Compliance report" section of the annual report.

Performance indicators

	2020	Expected	2021
Expansion Program (number of NEW stores)	183	300+	307
Top-line Sales Growth*	25.9%	~ 23%	26.0%
EBITDA margin* (IFRS 16 impact)	8.2%	8-8.5%	8.4%
CAPEX (TL mn)	539	~ 800	969

* Restated figures, excluding discontinued foreign operations

Having achieved all of the sales growth, EBITDA margin, new store openings, and capital expenditures targets which it had set for the year, Migros registered a strong operational performance in 2021. The company expects that its consolidated sales will grow by 40-45% in 2022. Despite cost pressures, the expectation is that the

2022 EBITDA margin will be in the 8.0-8.5% range, where it was in 2021. In 2022, the company aims to open at least 200 new stores, plans to spend about TL 1.2 billion on investments, and intends to take on 8,100 new employees.

LIQUIDITY RATIOS	December 2021	December 2020
Current Ratio	0.66	0.70

FINANCIAL STRUCTURE RATIOS	December 2021	December 2020
Financial Leverage [Total Liabilities/Total Liabilities & Equity]	0.97	1.00
Total Liabilities/Total Equity	32.77	458.58
Financial Liabilities [w/o Lease Liabilities] / Total Assets	0.16	0.25
Net Cash Position [w/o Lease Liabilities] [TL thousand]	663,618	-603,537

PROFITABILITY RATIOS [%]	1 January - 31 December 2021	1 January - 31 December 2020
Gross Profit Margin	24.1%	23.5%
Operating Profit Margin	2.4%	3.6%
EBITDA Margin [excluding IFRS 16 impact]	8.4%	8.0%
EBITDA Margin	5.9%	5.2%
EBITDAR Margin	10.3%	9.7%
Net Profit Margin	1.0%	-1.4%

SHARE PERFORMANCE RATIOS	December 2021	December 2020
Market Capitalization [TL thousand]	6,869,189	7,568,057
Share Price [TL]	37.94	41.80
Earnings/Loss per Share from Continuing Operations	1.98	-0.73
Earnings/Loss per Share from Discontinuing Operations	0.00	0.01

Migros provides an excellent customer experience through its friendly-service approach.





MİGROS OPERATIONS IN 2021



Investments

The company serves customers through its Migros, Macrocenter, 5M Migros, Migros Sanal Market, and Migros Toptan [Wholesale] brands.

A food retailer with a physical and online presence in all 81 of Turkey's provinces, Migros also operates one shopping mall outside the country in Kazakhstan.

During 2021 Migros expanded its domestic service network with the addition of 307 new stores to its existing chain. As of year-end, the company had a total of 2,565 stores with at least one in each of 81 provinces and an aggregate sales area of 1.68 million m².

Of the 307 stores that were opened and commenced operation in Turkey in 2021, 162 were in a Migros format [119 M, 41 MM, 2 MMM], 98 Migros Jet, 11 Macrocenter, 31 Macrokiosk, 2 hypermarket, and 3 Wholesale. With the sale of its subsidiary in North Macedonia, the company no longer has any investments remaining in that country.

As of end-2021, the company's portfolio contained 2,565 stores consisting of 850 M, 439 MM, 148 MMM, 936 Migros Jet, 76 Macrocenter, 34 Macrokiosk, 57 hypermarket, and 25 Wholesale premises.

In addition to opening physical stores, the company's online operations also gained additional momentum in 2021. Consisting of its Migros Sanal Market, Migros Hemen, Macrocenter, and Tazedikeyt brands, Migros' online sales channels were serving customers in 81 provinces through 867 stores as of end-2021, up from 529 stores as of end-2020.

307 new stores

Migros has a total of 2,565 stores, with at least one in each of Turkey's 81 provinces.



Last year Migros Sanal Market's service network encompassed more than 710 stores; the company's Migros Hemen service network, which promises to deliver goods within 30 minutes of their being ordered, reached 228 stores in 49 provinces; its MacroOnline platform was serving customers in 9 provinces through 70 Macrocenter-format stores. Tazedirekt, which sells fresh produce and other natural products online, makes deliveries to more than 60 townships in Istanbul, Ankara, Bursa, Kocaeli, and Izmir year-round and also in the Bodrum resort region during the summer season.

In addition to new investments that were undertaken during 2021, the company also continued to renovate existing stores. Investments were also made in infrastructure improvements and new technology.

With the addition of its newly-opened Avrupa Distribution Center and Tuzla Hub operations, the number of Migros distribution centers including the ones particular to fresh fruits and vegetables and meat was 29 as of end-2021.

“online operations”

In addition to opening physical stores, the company's online operations also gained additional momentum in 2021.

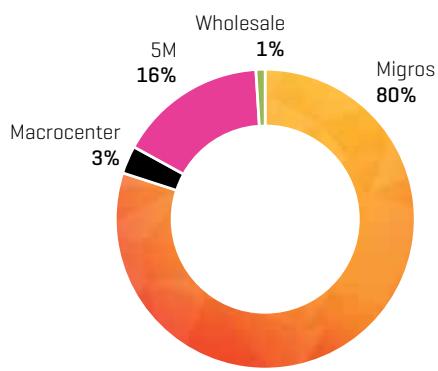


MİGROS OPERATIONS IN 2021

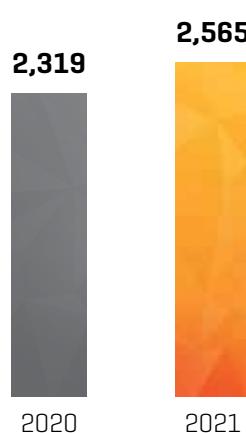
Stores in 81 provinces



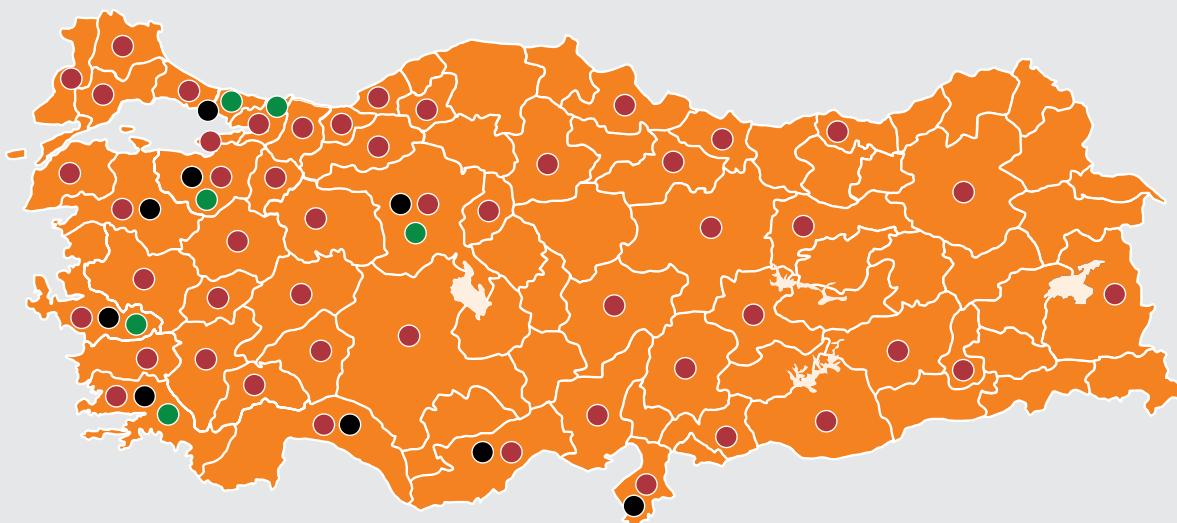
Breakdown of Net Sales Area by Brands [%]



Total Number of Stores [unit]



Online service in 81 provinces



■ **Migros Sanal Market:** 81 provinces

● **Migros Hemen:** Adana, Afyon, Ankara, Antalya, Aydın, Balıkesir, Batman, Bilecik, Bolu, Burdur, Bursa, Çanakkale, Çorum, Denizli, Diyarbakır, Düzce, Edirne, Erzincan, Erzurum, Eskişehir, Gaziantep, Hatay, Isparta, İstanbul, İzmir, Kahramanmaraş, Karabük, Kayseri, Kirikkale, Kırklareli, Kocaeli, Konya, Kütahya, Malatya, Manisa, Mersin, Muğla, Ordu, Sakarya, Samsun, Sivas, Şanlıurfa, Tekirdağ, Tokat, Trabzon, Uşak, Van, Yalova, Zonguldak

● **Macroonline:** Ankara, Antalya, Balıkesir, Bursa, Hatay, İstanbul, İzmir, Mersin, Muğla

● **Tazeditrekt:** Ankara, Bursa, İstanbul, İzmir, Kocaeli, Muğla

**SİZİN İÇİN
BURADAYIZ**



Total Net Sales Area
[thousand m²]

1,580

2020

1,679

2021

Number of Stores Serving Online
[unit]

867

529
2020
2021

MİGROS OPERATIONS IN 2021



extensive product portfolio

Migros offers its customers an extensive portfolio of competitively-priced products.

Product management

Besides offering an extensive portfolio of competitively-priced, customer-appealing products, Migros also makes use of effective marketing strategies to differentiate itself from its competitors. Intense price competition among food retailers was again an issue of great importance for Migros in 2021 as the company sought to deliver the best service to customers by offering the highest-quality products at the most suitable prices.

Discount and themed-day campaigns were organized all year long. Migros' traditional "Ramadan Box" during the month of religious fasting, the sale of Feast of Sacrifice livestock at stores and online, and "New Year's Basket" campaigns were again conducted last year. Our "That's Taken Care Of!" promotional campaigns in

which attractively-priced non-food product specials centered around a particular theme are put on sale also continued.

Migros continued its efforts to supply fresh foods to customers faster and in better condition while also having recourse to price-discounting on designated perishable items.

In line with its "Agriculture Is Our Future" philosophy, Migros continues to work more closely with agricultural credit cooperatives. The scope of this collaboration has been expanded to include cooperatives that lend specifically to women. The company also continued to provide suppliers of regional produce and specialties with opportunities to expand their distribution channels.

“Anadolu Lezzetleri”

As of end-2021 Migros’ Anadolu Lezzetleri project of regional and local specialties encompassed 59 products and 198 stores.



Private-label products

Perishables: Requiring compliance with good agricultural practices in the production of fresh fruits and vegetables ensures that customers have access to high-quality produce. The company satisfies all of its fresh meat requirements from its own meat processing facilities located in İzmir. Under its “Uzman Kasap” [Master Butcher] label, Migros also produces ready-to-cook fresh and prepared red meat products and sells them prepackaged in approved, food-safe Skin-pack, MAP, and shrink-wrap packaging.

Private-label products: Migros offers its customers more than 1,500 private-label product items. Migros house-brand products encompass a wide range of basic necessities whose quality conforms to Migros’ own high standards and which are priced so as to be the most affordable in their respective categories. Migros continues to make new additions to its portfolio of the high-quality, competitively-priced private-label products that it offers to customers.

As of end-2021, 59 products resulting from the “Anadolu Lezzetleri” project which started out as a nationwide canvassing to identify regional specialties and heritage crops, were on sale in 198 of Migros’ stores. The company continues to explore and embrace Turkey’s culinary richness so as to ensure that it is handed on to future generations.



MIGROS OPERATIONS IN 2021

Money loyalty program and CRM

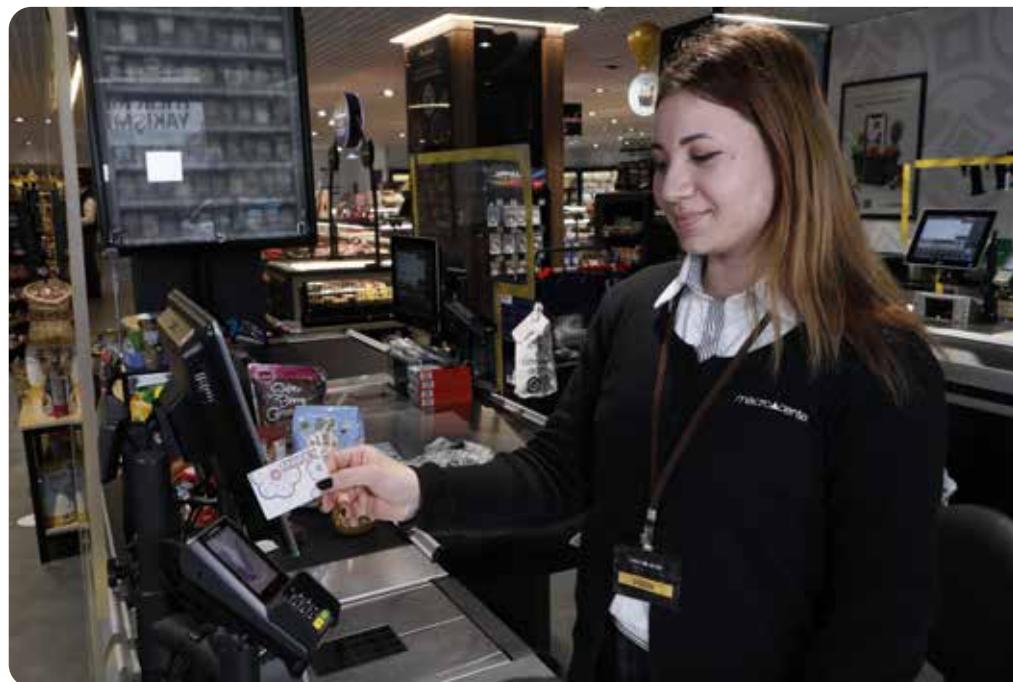
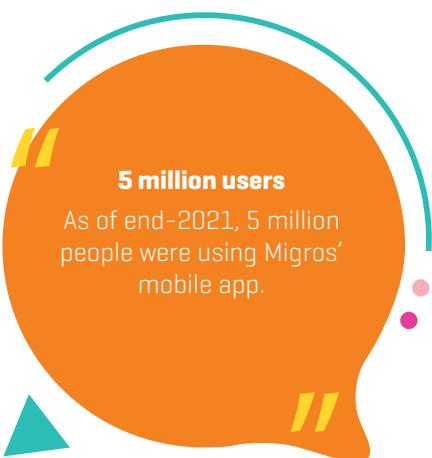
With about 15.6 million active members at present, Money once again remained Turkey's biggest, most popular, and most frequently-used loyalty program. The discounts taken advantage of by 9 million individual customers and the Money loyalty points earned by 3 million individual members help support household budgets all over the country.

As of end-2021, 5 million people were using Migros' mobile app. Besides making it easy for customers to spot and benefit from Migros' "Meant For Me" special deals and offers, it also creates a "Healthy Living Chart" based on a user's shopping habits and then offers "Healthy Living Suggestions" accordingly.

In 2021 Migros introduced another innovative first with the launch of its "Money Gold" program whose participants are entitled to a variety of perks and

privileges against payment of a monthly membership fee of TL 9.99. Money Gold members qualify for extra discounts, offers, and services when they shop in Migros stores or in Migros Sanal Market. These benefits include no-charge delivery, monthly 50% discounts on two favorite items, two extra chances to participate in Migros' monthly "Create Your Own Campaign Yourself" program, and the ability to earn loyalty points on automobile-fuel purchases. Money Gold program members can top up their household budgets by as much as TL 60 a month.

Seeking to provide customers with quick and convenient solutions, Migros' Money loyalty program also responds to the particular needs of commercial customers as well in the form of special Money cards for yacht operators, hotel and restaurant operators, and service providers. Communication and campaign activities targeting these customers also continued during 2021.



Migros E-Commerce

In keeping with its vision of supplying its e-commerce products to every household in all 81 of Turkey's provinces and positioning customer focus at the heart of its strategies, Migros undertakes and carries out significant operational, organizational, and infrastructural change projects in order both to create new delivery channels and services and to devise sustainable business models.

To continue coping with steadily-growing customer demand in 2021, our e-commerce delivery capacity was further enlarged, operational improvements were made, and service channels were expanded.

The operations and functions of our Migros Sanal Market, Migros Hemen, and Migros Ekstra channels were all merged and integrated on a single platform.

The rapid growth in Migros' e-commerce sales continued apace in 2021, almost doubling again as compared with 2020, while the number of customers benefiting from such services also increased at about the same rate.



rapid growth

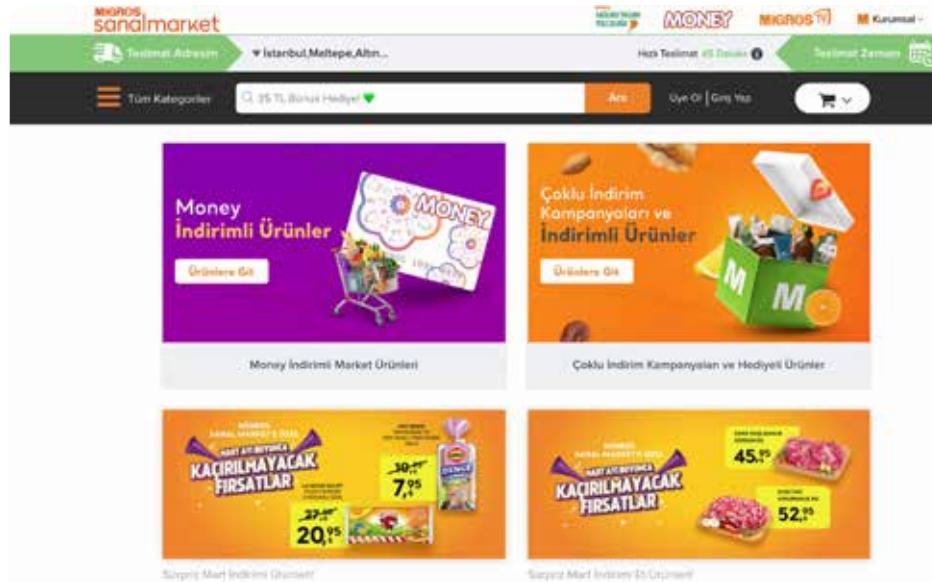
The rapid growth in Migros' e-commerce sales continued apace in 2021, almost doubling again.



MİGROS OPERATIONS IN 2021

>630 stores

The service network of Migros Sanal Market surpassed 630 stores in 2021.



Migros Sanal Market

Launched in 1997, Migros Sanal Market was Turkey's first e-commerce website devoted exclusively to food products.

In 2021 Migros Sanal Market's reach in all 81 of Turkey's provinces continued to be expanded, with 710 stores regularly contributing to online operations. The introduction of 45-minute deliveries in some territories has significantly added to Migros Sanal Market's market penetration.

Within the premises of some Migros stores in a number of locations, space has been allocated for the conduct of e-commerce operations. These areas are used as e-commerce "micro-warehouses", a practice that improves both order-filling efficiency and service quality. In yet another innovative first, carrier robots [TARO] have been installed in these micro-warehouses to help ensure that customers' online orders are fulfilled accurately and quickly. As of end-2021, TARO robotic assistants were in operation in 37 Migros stores.

In the 2021 round of the MediCat Lovemarks survey, Migros was chosen "Most Loved Online Market Brand In Turkey"

Migros Hemen

Migros Hemen's geographical reach continued to be significantly expanded during 2021, with Migros Hemen services being provided in 228 stores in 49 provinces as of year-end.

Migros Hemen has distinguished itself as a channel that gives customers all the benefits of Migros' competitive prices, product diversity and quality, outstanding delivery model, and ability to offer the fastest and most convenient shopping experience combined with the confidence that their purchases will be delivered to their door within minutes at exactly the same Migros prices and with exactly the same Migros quality.

Migros Hemen is currently serving customers with more than 2,000 product items. The company plans to further expand the brand's reach by mobilizing its store and logistical capabilities in all of Turkey's provinces in 2022.

Macroonline

Distinguished by their superior service standards and outstanding portfolio of excellent products, Macrocenter's online operations registered strong growth in 2021.

The brand's service network was significantly expanded to cope with the pandemic-fueled surge in customer demand by its MacroOnline app, which gave shoppers access to the Macrocenter product and service quality available at 70 stores in 9 cities last year.

In more than 60 townships

Tazedirekt serves more than 60 townships in İstanbul, Ankara, Bursa, Kocaeli, and İzmir year-round and also in the Bodrum region during the summer.

**40 girişimci,
563 emekçi
ve üretici kadının
Tazedirekt'te yeri var.**



Tazedirekt

Reaching out to knowledgeable consumers with its “Care about what you eat” slogan, Tazedirekt continued to make a name for itself by virtue of its online operations, product portfolio, and advertising. Tazedirekt personnel travel around the country procuring the brand’s more than 2,000 produce items directly from carefully-selected, organic contracted farms. These fresh fruits and vegetables are made available to customers along with a completely transparent description of where they are from, who they were grown by, and how they reached the shelf. Online and mobile-platform videos in which growers describe themselves and their offerings give customers a chance to know what they are buying more intimately.

Tazedirekt serves more than 60 townships in İstanbul, Ankara, Bursa, Kocaeli, and İzmir year-round and also in the Bodrum region during the summer.

Digital platforms

Under a strategic alliance between Migros Sanal Market and an online shopping platform that was initiated in 2019,

Migros Sanal Market has opened a shop on the platform through which it gives the platform’s users access to Migros’ huge range of products as well as to its campaign offers. A Cargo Operations Center designed so as to cope with the high volumes that online shopping is capable of generating and also to provide customers with better service has been set up to support this alliance.

In the first phase of this project, purchases are being dispatched to customers everywhere in Turkey via the cargo services provider; in the second, purchases made through the platform will be delivered as a normal Migros Sanal Market operation from Migros stores as per Migros Sanal Market’s delivery-by-appointment model.

In 2021 the reach of Migros Hemen’s quick-delivery customer-accessibility was expanded to embrace other sales channels by means of an agreement that the brand entered into with another e-commerce platform. The goal of this collaboration is to ensure that items from Migros Hemen’s catalogue are delivered to customers within minutes of their having been ordered.

45-minute delivery

The introduction of 45-minute deliveries in some territories has significantly added to Migros Sanal Market’s market penetration.



MIGROS OPERATIONS IN 2021

Brand Communication

Besides offering its customers good prices, Migros also seeks to encourage better lifestyles among them by encouraging healthy eating habits and providing good-quality, friendly service in a distinctive shopping environment.

The company positions itself as the most affordable, reliable, and health-giving brand that is beneficial not just to the pockets but also to the hearts and minds of consumers. Through communication activities conducted all year long, the company reaches out to many different target audiences. In addition to providing individualized loyalty programs, Migros also works together with other companies

to give its customers the benefit of a rich array of offerings.

As a result of all of its efforts, Migros has received numerous prestigious national and international awards and recognitions attesting to its success on many different fronts.

Throughout 2021, Migros made effective use of TV, newspaper, radio, outdoor, magazine, and digital media channels as it deployed TV ads, staged events, entered into sponsorship agreements, and launched campaigns in line with the year's communication strategy.

Migros TV is informed by an underlying vision of communicating through video in keeping with current communication

trends. This digital channel is the source of thousands of videos covering subjects ranging from recipes to beauty care and from child-rearing to "Do It Yourself" ideas. During 2021, these videos racked up millions of views while the number of Migros YouTube channel subscribers was close to 350 thousand.

Giving particular importance to social media in line with its effective communication strategy, Migros interacts with a total of 6 million followers through its 1 YouTube, 1 LinkedIn, 1 TikTok, 3 Facebook, 3 Twitter, and 5 Instagram accounts.

Migros distinguishes itself as the most affordable, reliable, and health-giving brand that is beneficial not just to the pockets but also to the hearts and minds of consumers.



Quality and Environmental Management

As a food retailer holding more quality management certificates than any other in Turkey, Migros continues to lead the country's retailing industry with a total of 57 food safety, OHS, Covid-19 safe production & service, GAP, Green Office, CO₂ & GHG emissions verification, sustainability report verification assurance, and other certifications.

Certifications

- ISO 9001 Quality Management Systems Certificate
- Sustainability Reporting Verification & Assurance Statement
- ISO 9001 Quality Management System Internal Auditing Certificate
- Halal certifications
- ISO 22000 Food Safety Management System Certificate
- Green Office Diploma
- FSSC 22000 Food Safety Management System Certificate
- Good Agricultural Practices (GAP) certifications

- ISO 10002 Customer Satisfaction Management System Certificate
- TSE Covid-19 Safe Service Certificate
- ISO 14001 Environmental Management System Certificate
- TSE Covid-19 Safe Production Certificate
- ISO 45001 Occupational Health and Safety (OHS) Management System Certificate
- Trusted Supplier Certificate
- ISO 14064 CO₂ & Greenhouse Gas (GHG) Verification Certificate
- Migros Organic Enterprise certifications

**TSE'DEN 7 AYRI KALİTE BELGESİ
TÜRKİYE'DE İLK DEFAYA
SADECE MİGROS'TA**

The graphic features a central figure of a woman in a blue uniform, surrounded by six circular icons representing different certification categories:

- HER MİGROS'TA
HEMNİN
MÜŞTERİLER
- ÇEVREBİRLİĞİ
MİGROS'TA
EHEN ELLERDE
- İÇ DENETİM
VE GELİŞİM
MİGROS'TA
BAHÇE GÜVENCE
ALTINDA
- EDİRNE'DEN
AKRİYA
HER MİGROS'TA
KİMI KALİTE
- TEKİR'DEN
MAÇAK'A
HERRAF'A
GÜVENLİĞİ
- SAĞLIK VE
GÜVENLİK
MİGROS'TA
HEP ONDE
- ET İSTİTÜ
TESLİLERİMİZDEN
MAÇAK'A,
ATEL KONTROL
ALENDİ

MIGROS

leading the sector

Migros is a food retailer holding more quality management certificates than any other in Turkey.

MIGROS OPERATIONS IN 2021

“

Green Office

The Migros head office has been awarded a Green Office Diploma.

”



In recognition of Migros' successful fulfilment of all criteria related to preventing the spread of Covid-19 infection, the Turkish Standards Institution awarded Covid-19 safe production & service certificates to the company's fresh meat, fresh produce, Macrocenter production facility, and wholesale warehouse operations as well as to selected Migros store, headquarters & branch office, and shopping-mall premises.

The continued validity of the company's Sustainability Reporting Verification & Assurance Statement was confirmed as a result of a GRI-compliant audit.

Migros has been awarded ISO 14064-3 GHG Verification & Validating certification in recognition of its efforts to monitor and reduce its carbon footprint. The company's head office has also been awarded a Green Office Diploma.

Verified GRI Standard compliance

GRI 406-1: Human Rights - Discrimination	GRI 406-3: Human Rights - Maternity leave
GRI 407-1: Human Rights - Freedom of association and collective bargaining	GRI 410-1: Human Rights - Security personnel trained in human rights policies and procedures
GRI 408-1: Human Rights - Child labor	GRI 414-1 & GRI 414-2: Supply Chain Assessment - Supplier social assessment
GRI 409-1: Human Rights - Forced or compulsory labor	GRI 417-1: Supply Chain Assessment - Marketing and labeling
GRI 405-1: Human Rights - Diversity and equal opportunity	GRI 412-1: Human Rights - Human rights assessment

In its ongoing efforts to promote organic-product and good agricultural practices, in 2021 Migros worked on four GAP group certification projects that resulted in its being awarded certifications for seven fresh fruit & vegetable items and for the operations of its West Mediterranean, Bursa, and İzmir Fruits & Vegetables production and of its Gebze Fruits & Vegetables packaging facilities.

Digitalization of Integrated Management System processes

A Migros Quality Management Systems digital platform has been created in order to ensure that all business processes involving quality management systems are conducted consistently and uniformly throughout the company. This platform has also improved workforce productivity



as well as the company's information-accessibility and up-to-date reporting capabilities.

In order to protect the health of personnel during the Covid-19 pandemic, the company's internal audits in 2021 were conducted online through its digital platform.

Supplier audits

In order to safeguard both suppliers' and auditors' health while also ensuring uninterrupted compliance with the company's product-safety policy, Migros began conducting supplier audits online or remotely.

Suppliers' food-safety practices were audited in accordance with the "IFS Global Markets" standardized food safety assessment program recognized by the Global Food Safety Initiative.

In addition to making certain that the products it procures are safe, Migros suppliers' environmental management, OHS, and ethical and social performance is also audited in accordance with GC Ethical Compliance standards.

Migros Suppliers Academy

In support of its supply-chain localization strategy, Migros regularly provides local small and medium-sized suppliers wishing to sell their products in Migros stores with free online training resources to help them improve their performance in complying with Migros' product-safety requirements.

These training materials cover a wide range of subjects from the requirements of laws and regulations to those of labeling, infrastructure, personnel hygiene, and product traceability.

During 2021, nearly 100 small and medium-sized businesses availed themselves of these local-supplier training resources.

>35,000 parameters

During 2021, product-safety verification analyses with more than 35,000 quality parameters were performed on more than 11,000 items.



Product analyses

To be sure that items sold by Migros comply with the Turkish Food Codex, Turkish standards, EU requirements, and all other applicable laws and regulations, the company has verification analyses performed on them by accredited independent privately-owned laboratories. During 2021, product-safety verification analyses were performed on more than 11,000 food items in order to determine their compliance with more than 35,000 quality parameters.

Geographically Indicated products

For the first time in 2021, Migros had geographical-indication (GI) names and signs registered for products with protected local characteristics and traditions. Having been duly registered in compliance with applicable laws and regulations, such items are designated as geographically-indicated (GI) products on Migros Sanal Market website.

MİGROS OPERATIONS IN 2021



“3,000 inspections

During 2021, nearly 3,000 unannounced inspections were carried out by independent external auditors.

Distribution Center Quality Processes

Migros' cold-chain processes, which are of critical importance in ensuring the safety of some foods, begin at the time goods are accepted and continue without interruption until the moment they reach the consumer.

About 4 million food and non-food items were subjected to quality control on the basis of 207 different parameters during 2021.

During 2021, 9 distribution centers, 6 fruits and vegetables production facilities, and 11 wholesale warehouses were independently and externally audited for compliance with IFS Product Safety standards.

Store Quality Processes

The effectiveness and continuity of stores' quality management system processes are checked by means of unannounced inspections carried out by Migros' own quality team as well as independently by accredited external auditors.

During 2021, nearly 3,000 unannounced inspections were carried out by independent external auditors. Store quality teams conducted more than 2,000 on-site inspections and made about 2,200 store visits. Such inspections focused on potential quality process improvements, especially in store areas where perishables are sold and in e-commerce sales operations.



AI-based digital Hand Hygiene Tracking System

A "Hand Hygiene Tracking System" that makes use of IoT image-processing and artificial-intelligence technologies has been installed and is now in use in some Migros stores. This system, which identifies employees by their badges, automatically keeps track of their compliance with hand-hygiene rules so that corrective action may be taken if needed.

In-store fast food & takeaway cafeterias

Appropriate food-safety systems have been installed in the fast-food and takeaway cafeteria sections called "Sokak Lezzetleri" and "Lezzet Meydanı" that Migros has opened in some stores in order to tap into the added value arising from the steadily-growing demand for ready-to-eat foods.

Eco-friendly disinfectant production"

To meet the company's increased need for disinfectants during the Covid-19 pandemic in-house, an oxidant generator was installed at the Gebze Distribution Center and production of disinfectants began in 2020. The goal is to have these eco-friendly disinfectants, whose effectiveness has been confirmed by means of laboratory tests, in use in all operational territories before the end of 2022.

Distribution center and logistics management

As of end-2021, the number of Migros' main distribution centers, including those handling fresh fruits and vegetables and meat, was 29. These centers are strategically located all over the country.

The company's Avrupa Distribution Center was opened in April 2021 in order to meet the need for greater capacity in the territory hitherto served by its Esenyurt Distribution Center. With the opening of this new center, the Esenyurt distribution center's operations were terminated.

Migros' existing network of hub distribution centers was augmented with the addition of another hub operation in Tuzla.

Hitherto shipped to stores by their suppliers, frozen foods have now been brought into Migros' central distribution system. With this inclusion, such product groups move through an end-to-end cold chain operating at -18 °C to Migros stores in all 81 provinces. In support of this system, frozen-food distribution centers have gone into operation in İzmir and Ankara.

In order to keep customers supplied with fruits and vegetables in the freshest possible condition, operations involved in the shipment of fresh produce from distribution centers to stores were reviewed, after which changes were made to improve their efficiency.

An automated item picking and sorting system in the Gebze Distribution Center makes it possible for goods to be picked and shipped on a unit-count basis. This is especially useful for small-sized stores lacking in sales space because it means customers can be provided with greater variety while only minimal stocks need to be maintained.



MIGROS OPERATIONS IN 2021

Information Technologies

In order to make life easier for its customers and to maximize the customer shopping experience, in 2021 Migros focused especially on self-service technologies, perfecting customer-communication channels, and continuing with its digital-transformation projects.

One of the most important items on Migros' agenda in 2021 was incorporating innovation into the conduct of its business. The company has already begun to reap the benefits of the co-innovation ecosystem of Migros and startup businesses that was created with the launch of Migros Up. This ecosystem has also brought a new way of thinking about, looking at, and managing innovation in the context of an incorporated company. Yet another indication of Migros' commitment to its ongoing digital transformation was the "Agile4M" agile transformation office that was set up in 2021. This office, which provides agile-transformation coaching to 37 teams, also strengthens the foundations of Migros' future operating models.

A genuine zero-contact payment experience with next-generation Mkolay

Mkolay is an app that customers can install on their own devices and use in Migros stores to read the product-label barcodes of items that they put in their baskets and then complete the checkout process quickly and conveniently without the items having to be scanned again. In 2021 the number of stores in which this app can be used was nearly doubled from 62 to 121.

Making use of the same Mkolay platform, Mkolay Kantin lets its users enjoy an entirely self-service experience when purchasing food and drink and other everyday necessities in settings such as plazas and workplaces.

Mkolay Kantin users can pay for their purchases using their MoneyPay balances, credit cards, or approved limits without having to go past a cash register. The receipts for such payments are sent by SMS to their mobile phones.



AI image processing: Shelf & aisle product recognition and planogram-compliance measurement

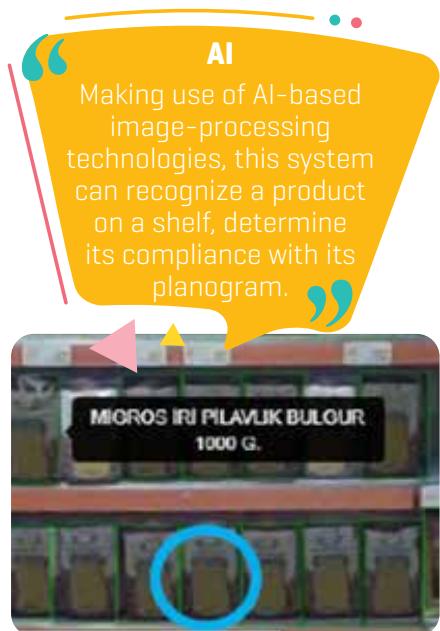
A planogram is a visual representation of the proper placement of all displays, merchandise, and shelving used by retailers. Its purposes include preventing no-sale situations by ensuring that customers can find what they are looking for when they enter an aisle and also by improving the efficiency of in-store operations. Making use of AI-based image-processing technologies, this system can recognize a product on a shelf, determine its compliance with its planogram, and report non-compliances in real time to those concerned. Systems of this sort have been installed in three stores as pilot projects and are being used to detect empty and even near-empty shelves, missing items, misplaced items, and items which are in stock but not on shelves.



Robotic process automation

The goal of Migros' robotic process automation (RPA) project is to automate and roboticize high-importance and high-volume but also routine and repetitive tasks that employees perform using computers. The roboticization of 34 business processes in 8 departments is currently saving an average of 11 employee workdays' worth of time every month.

The essential benefits of turning business units' processes over to the RPA system are that tasks are performed more quickly and with less risk of human error and that the system makes it possible for employees to focus their attention on tasks that create higher added value.



MİGROS OPERATIONS IN 2021

Migros Up

Bringing Migros experts and external entrepreneurs together in the same agile team, the Migros Up co-innovation platform was globally launched online in February 2021.

Online interactions between five Migros-selected external entrepreneurs and Silicon Valley investors resulted in the initiation of four co-innovation projects.

- Wamo, which will replace the pallet truck duo used in Migros' distribution centers, was developed by Hergele Electric Scooters.
- Mia, the retailing industry's first digital influencer, was developed by Evercrude. Mia generates influencer-marketing content that can be used on social media and in stores.



Bringing Migros experts and external entrepreneurs together in the same agile team, the Migros Up co-innovation platform was launched.

- A project to continuously track compliance with hand-hygiene rules in stores' cafeteria and takeaway food areas was developed by Erg Control. This project has been expanded and will continue in two stores and Macrocenter's Homemade production facility.
- In an Ottan Studio project, the shells of nuts sold in stores are collected and processed using advanced recycling technology to make materials for use in M Life private-label product aisles. This project also helped increase customers' awareness of upcycling.

The Migros Up co-innovation platform is attracting considerable attention and interest among entrepreneurs. Last year the Migros Up team examined close to 300 project proposals and triggered new business opportunities by passing more than 50 of them on to appropriate business units.

Kargopark

Thanks to lockers that are being installed in designated Kargopark areas at Migros stores, customers can have packages addressed to them dropped off securely by different cargo carriers. The owners can come to the store and retrieve the packages whenever they want. Kargopark lockers were installed in 35 Migros store locations as of end-2021.

Attracting customers to stores to make use of Kargopark locker as a drop-off and collection point also has the effect of increasing in-store traffic.

Kargopark

Under an agreement with Kargopark, customers can have packages addressed to them dropped off at Migros stores.



“ self-service ”

In 2021 Migros developed a vending-machine project for providing customers with 24/7 self-service shopping capabilities.



24/7 self-service shopping

In keeping with its “24/7 retailing” approach, in 2021 Migros developed a vending-machine project for providing customers with 24/7 self-service shopping capabilities.

Customers use these machines by pushing buttons corresponding to the items they want to buy. Besides making it possible for Migros to keep track of inventories and prices through its own database, these machines have also been integrated into a recently-developed R10 payment system, which means that item-based receipts can be generated instantly without the need for any manual intervention.

Besides improving the customer experience, this project is another step forward in the automation of conventional merchandising systems and has the potential to shape the future of retailing. As of end-2021, customers were being served by 80 Migros 7/24 vending machines.

Agile4M

Agile-transformation coaching is being provided to 37 teams under Migros’ Agile4M Transformation Office project.

Agidemy, an agile-transformation school set up along with the Migros Retail Academy, conducts an intensive agility program specially designed for Migros.

“Agile Leadership” programs are conducted especially for those with team-management responsibilities.



Agile4M

Agile-transformation coaching is being provided to 37 teams under Agile4M Transformation Office.

MİGROS OPERATIONS IN 2021

R10

"R10" is the name being given to the transformation of payment system infrastructure and software to incorporate omnichannel architecture and features. In 2021 this project reached the implementation stage with the successful completion of an R10 transformation at one store. The goal is to expand the functions and scope of this system in 2022 and to successively phase it into more stores. When this system becomes fully operational, it will provide a variety of benefits such as responding quickly to software-development and updating requirements, real-time information management, architectural flexibility,

R10 transformation

In 2021, an R10 transformation at one store was successfully completed.

and the ability to simultaneously handle different apps. It will also result in greater payment-system investment and maintenance-cost efficiencies.

Disaster Recovery Center

Backing up Migros' information technology infrastructure in a geographically remote location and keeping it ready to take over in disaster situations is not only dictated by technical and business-continuity concerns but is required by law. A disaster recovery center fully complying with required standards has been set up in a data center in Izmir.

Migros Interaction Platform

Fully integrating every channel with the company's customer-data and e-commerce network and built using artificial-intelligence, machine-learning, and predictive-analytics technologies, the Migros Interaction Platform [MIP] was commissioned in 2021.

Employing voice-recognition technologies to ensure that users reach the right solution point with minimum effort, MIP also incorporates self-service modules that offer a human-like experience without the intervention of a customer representative.

100% integration

the Migros Interaction Platform [MIP] was commissioned in 2021.



MIP also gives customers 24/7 access to their accumulated loyalty points, to details about their personalized campaign offerings, and to their Migros Sanal Market orders as well as to much more information, such as details about the services available in each of the company's retailing formats.

Chatbots

Owing to the difficulty of effectively handling the steadily increasing volume of incoming calls at the call center, specified types of questions received through the IVR Center are responded to with the assistance of WhatsApp and Migros Sanal Market chatbots.

Alo Migros

Alo Migros is a service that allows customers to order goods by phone.

Customers place orders by calling a designated number, by sending an SMS, or through WhatsApp. When their purchases are delivered, they can pay for them in cash or with a credit card.



Migros corporate website

Located at www.migroskurumsal.com, Migros' corporate website has been given a makeover during which its infrastructure was upgraded, its visual impact was enhanced, its content was enriched, and its ease of use was improved.

Uzman Kasap website

Recently opened www.uzmankasap.migros.com.tr is the official website of Migros' Uzman Kasap [Master Butcher] brand. The website provides visually-enhanced details about the brand's products along with recipes and serving suggestions.



MIGROS OPERATIONS IN 2021



Human Resources

The mission of the Migros Human Resources Department is to develop well-equipped, customer-focused, difference-making human resources capable of further advancing Migros' leading position in retailing and to be a strong business partner that helps achieve goals throughout the entire Migros organization.

Migros personnel are members of a youthful and energetic family whose average age is 32. With the inclusion of those who are indirectly employed, the company provides jobs for more than 50 thousand people. With more than 20 thousand women on its payroll, Migros creates more employment opportunities for woman than most other companies. The average tenure of Migros' white-collar employees is 11 years. 80% of its employees were born between 1980 and

2000 ("Generation Y") and 7% were born after 2000 ("Generation Z").

Migros' employer-branding efforts earned it first place in the "Retailing Company I'd Most Like To Work For" category of the 2021 round of the "Most Popular Companies" survey. During 2021 the company created about 8 thousand new jobs. It also made use of its internal recruiting system to fill 725 vacancies, of which 594 were promotions to store-manager positions. The number of participants in the 2021-2022 round of Migros' Stevie Award-winning "Smart" traineeship program, whose aims are both to attract the best talent to the company and to nurture tomorrow's leaders, was up by 250%. Trainee development is supported by means of specially-designed training materials and hands-on work-experience opportunities.

A Goal-Awareness Workshop is conducted every year in order to ensure that the company's objectives and strategies are objectively, equally, and clearly understood throughout the company. The results of these workshops are shared with all Migros personnel. During 2021, 9,500 annual performance evaluations of administrative-unit and store-management personnel were conducted while 28,000 semi-annual performance evaluations of store employees were conducted.

In Migros' performance management system, both key performance indicators (KPI) and agility-revealing objectives & key results (OKR) criteria are used. The first shows the status of key financial targets while the second dynamically shows the degree to which project goals are being fulfilled during the year.

more than 50 thousand employees

Migros is a youthful and energetic family of more than 50 thousand members whose average age is 32.

Migros headquarters unit and store management personnel are provided with objective evaluations of their strengths, weaknesses, and potentials by means of "360° Feedback" and the proven resources of the Migros Evaluation Center. More than 4,700 of the company's headquarters unit and store management personnel underwent such evaluations in 2021. Objective performance-management is one of the most important supporters of the principle of equality of opportunity. The results of these evaluations play a crucial role in employees' career-path and professional development plans.

The results of competency and performance management processes also provide the basis for strategic human resource planning at Migros. During strategic human resource planning meetings, critical positions and backup plans are determined for every level and proactive decisions about the

organization's future needs are made. Supported by such effective planning, evaluation, career-progression, and training processes, Migros is able to fill 98% of its management-position vacancies without needing to recruit from outside the organization.

Migros continued to manage its career planning and promotion processes both online and offline through the Migros Career Paths Program, which provides a systematic, fair, and objective way for employees in all stores and departments to determine the course of their own career and which was the recipient of the "Retail Sun Most Successful Human Resources Program" award.

Through its DEHA Flexible Fringe Benefits Program that is specially designed for the company's administrative and store white-collar personnel, Migros allows its employees to customize their existing



“40% female employee ratio

With a 40% female employee ratio, Migros creates more employment opportunities for women than most other companies.



MIGROS OPERATIONS IN 2021



fringe benefit rights according to their personal needs. A "Stevie Awards For Great Employers" winner, the DEHA Flexible Fringe Benefits Program was made accessible to more than 5,700 employees in 2021.

A "Working Life Assessment Survey" is conducted every year by an independent research company in order to measure and to further improve the levels of Migros employees' job satisfaction and company loyalty. A recipient of the "Employee Engagement Success Award" for having joined the ranks of companies that have raised their employee loyalty and satisfaction score the most for three years in a row, Migros received the Kincentric Best Employers "Best Place To Work In Turkey" award for the second time.

In order to ensure the sustainability of the company's success in the retailing industry's future, one of the Migros Human Resources Department's top-priority strategies is not just incorporating agile methodologies into its processes but

also making them elements of Migros' corporate culture. Five strong initiatives have imparted additional momentum to company's Customer-Focused Agile Transformation Journey. In support of this transformation, a "Migros Transformation Office" has been created and staffed with representatives of different company functions. This office has the organizational authority to make strategic decisions about addressing future expectations. In order to strengthen the decision mechanisms of diverse structures and to devise effective management approaches for them, the Human Resources Department spearheaded the formulation of a Migros Governance Model.

Migros Retail Academy [MRA] designs the most effective models, methods, and tools for developing employees' careers in line with company strategies and it supports the personal and professional development of Migros employees with mixed learning methods combined with the numerous training resources in its training catalog. MRA's array of training and

36 awards

MRA has earned 36 international awards to date.



development programs have earned it 36 international awards to date. Every Migros employee took part in at least one training program in 2021, a year during which total classroom training time amounted to 1,780,000 hours and personnel completed 1,340,000 instances of distance learning.

Training programs and projects supporting the company's agile transformation have been enriched, combined, and reconstituted as the Migros Agile Transformation School, whose curriculum includes Agile & Kanban, Intrapreneurship, and an array of Competency & Talent Development categories with a special

emphasis on digital competency. Under the heading of Intrapreneurship, 15 project ideas were worked on by agile teams employing lean startup methodology during the school's first year; the number of projects undertaken in 2021 was 20. One of these projects [MoneyPay] was brought to fruition and transformed into a Migros subsidiary company. Migros 24/7 vending machines [Turkey's first self-service supermarket format], Migros ready meals [sold under the "Ev Lezzetleri" and Pizza Mi-Go brands] are just a few of the projects developed under this program.

Under the Development Agreement process initiated after completion of competency evaluations, 95% of more than 4,800 employees filled out their individual Development Plan forms choosing their own training & development activities from a training catalogue enriched with newly-added competency sets.

Launched on International Women's Day with a goal of reaching one million women eager to stand on their own two feet and be economically active in their own right, Migros Women's Academy offers all-access, free-of-charge online training

resources [71 training courses and more than 310 videos] dealing with a variety of subjects such as personal awareness, entrepreneurship, hobbies, and vocational training.

For the purpose of extending the concept of gender equality throughout Migros' corporate culture, training materials drawing attention to the value the company gives to equality have been prepared, are accessible to all Migros employees, and have been added to the company's orientation programs.

Migros has committed itself to support the "CEO Pledge" initiative of LEAD Network, a major international alliance whose mission is to attract, retain, and advance women in the retail and consumer goods industry in Europe through education, leadership and business development. In addition to being the first food retailer in Turkey to sign this pledge, Migros is also represented on the LEAD Network's advisory board. By means of this pledge, Migros commits itself to increasing female representation at the company director level and above by at least 5% by 2023.

MoneyPay

MoneyPay, one of the intrapreneurship projects, was brought to fruition and transformed into a Migros subsidiary company.



20 projects

The number of intrapreneurship projects being undertaken by agile teams reached 20 in 2021.



MİGROS OPERATIONS IN 2021



Covid-19 measures

Owing to coronavirus-related precautions and practices, heightened attention continued to be given to the meticulous management of OHS issues during 2021.

Health and Safety

During 2021 Migros once again continued its intensive efforts to provide and maintain a sustainable workplace environment that protects the health and safety of every employee both now and in the future.

Turkish Standards Institution-conducted audits of business units for compliance with TS ISO 45001 Occupational Health and Safety Management System standard were successfully passed and the certification has been renewed.

The Migros Occupational Health & Safety Committee plans and oversees corrective and preventive safety measures referred to in risk-assessment reports and it strives to constantly improve the company's OHS performance.

Owing to coronavirus-related precautions and practices, heightened attention continued to be given to the meticulous management of OHS issues during 2021. Compliance with OHS rules and procedures was checked by workplace safety specialists and company physicians.

Migros personnel are given OHS training immediately upon recruitment and also on a regular basis while they remain on the company's payroll. During 2021, more than 35,500 employees received their OHS training through distance learning and more than 13,400 of them received it through virtual classrooms; only 2,000 or so received it through face-to-face classroom sessions.

The image consists of two parts. On the left is a vertical orange poster titled 'SAĞLIĞIMIZ HEPİMİZ İÇİN ÇOK ÖNEMLİ!' (Our health is very important for us all) featuring seven circular icons with text and illustrations about social distancing, mask-wearing, handwashing, and disinfection. Below it is the Migros logo and website 'migros.com.tr'. On the right is a white advertisement for 'MIGROS Sanalmarket' showing a person in a mask and cap inside a circular frame with the text 'Türkiye'nin 81 ilinde, Migros'taki on binlerce ürünle kapına gelen biri var.' and the word 'KiM?'.

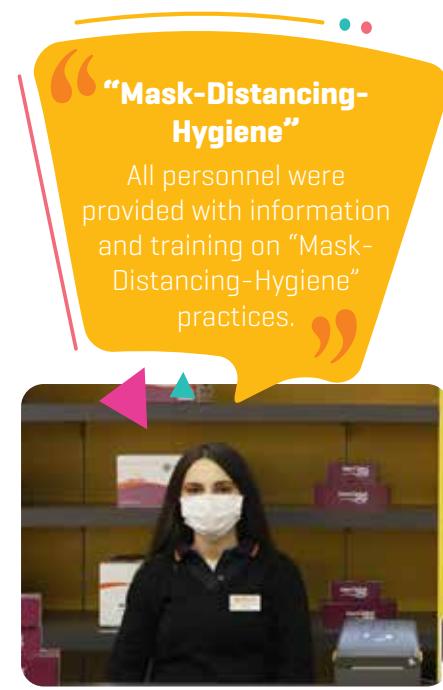
As per health ministry advisories concerning epidemic management and working conditions, Covid 19-related documentation and practices were continuously monitored and kept up to date. The layout and materiel requirements needed to contain the spread of infection in workplaces were quickly satisfied. All personnel were provided with information and training on "Mask-Distancing-Hygiene" practices and compliance was monitored and enforced. Workplace safety experts conducted a total of 7,184 on-site inspections to check compliance with Covid-19 rules and practices.

Since the onset of the pandemic, all matters related to any cases of infection in any company unit have been channeled through a Migros OHS Covid-19 Support Line staffed by professional healthcare workers so as to ensure their centralized

and standardized management. Also accessible to all company employees is the Migros OHS Covid-19 Support Line, which has been providing them with free-of-charge Covid-19 advice about coping with the pandemic as well.

As part of efforts to combat the spread of infection, company-employed physicians were sent to workplaces where they carried out routine examinations during which more than 47,000 employees were checked. Taking even more advanced precautions, Migros had more than 18,500 employees tested using Rapid Antigen Testing Kits.

Integration with the healthy ministry's HES code digital contact-tracing system made it possible to centrally keep track of employees' health status and Covid-19 infection risks on a daily basis.







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Migros makes all of its business decisions with a mindfulness for their sustainability.

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SUSTAINABILITY



Our Sustainability Approach

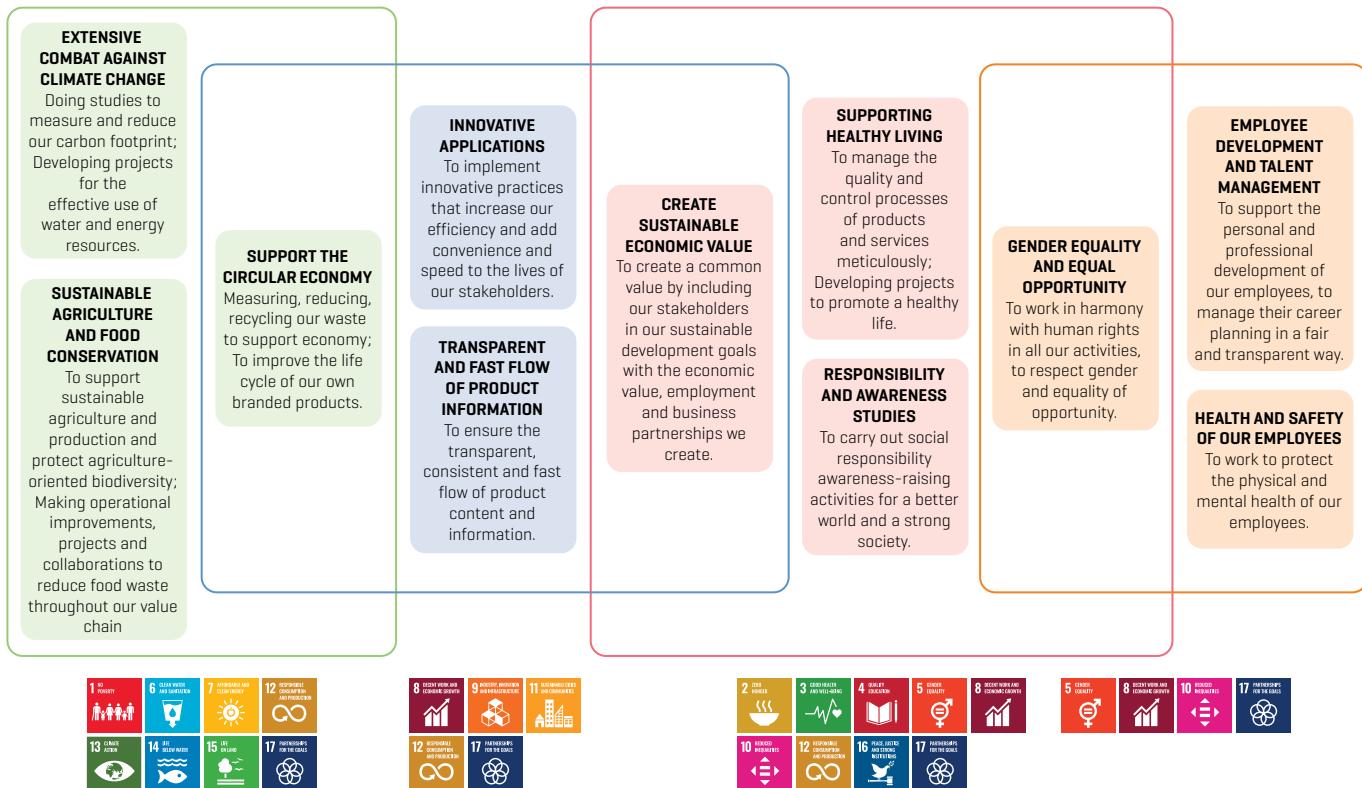
Committed to offering value along with its products and services, to investing in its employees, and to pursuing growth in partnership with its suppliers, Migros continues its efforts to generate long-term benefit for all of its stakeholders both today and in the future as well. Within the framework of its Migros Better Future Plan, the company unceasingly strengthens its efforts to ensure sustainability in support of its key strategies, expands their scope and scale, and undertakes projects compatible with United Nations Sustainable Development Goals.

The Migros Sustainability Committee is responsible for managing, implementing, monitoring, and quantifying sustainability-related issues and operations under the supervision of Migros CEO Ömer Özgür Tort acting on behalf of the Migros Board of Directors. Migros Sustainability Committee members are chosen so as to ensure that all of the company's primary functions [each one of whose annual targets must be sustainability-related] has at least one representative. All committee members take part in committee discussions on an equal footing. Analyses of processes and results are reported to the CEO and to company senior management at least four times a year.

The Migros Sustainability Committee is responsible for:

- Evaluating any legal, physical, operational, socio-economic, or environmental risks or opportunities that may have implications for the company;
- Annually reviewing and assessing the adequacy and effectiveness of Migros' "Environment," "Human Rights & Equal Opportunity", "Anti-Bribery and Corruption" and "Responsible Sourcing" policies;
- Monitoring and analyzing sustainability-related issues in both the national and the international arenas;

Migros Better Future Plan



- Setting priority-area developmental targets, developing target-related projects for such targets, and reporting progress and performance.

At a workshop conducted by the Migros Sustainability Committee, representatives of the company's primary functions identified Migros' key stakeholders as society at large, customers, employees, shareholders, suppliers, and government agencies and organizations. During 2021, the company conducted stakeholder surveys among its employees, customers, and suppliers. In addition, it also identified priority sustainability issues taking into account both Migros Sustainability

Committee feedback and the concerns of the national and international organizations of which the company is a member. Migros has accordingly identified its priority sustainability issues as combating climate change on multiple fronts, farming sustainably and preventing food loss and waste, supporting the circular economy, ensuring product-information availability and transparency, supporting healthy living, ensuring gender equality and equality of opportunity, and supporting employee development and talent management.

Migros unceasingly strengthens its efforts to ensure sustainability in support of its key strategies.



SUSTAINABILITY



Migros identifies three types of sustainability targets: Short-range [1 year], Medium-range [5-year], and Long-range [10-year]. The company's

key sustainability targets as set by Migros Board of Directors resolutions are indicated below.

Key Sustainability Targets

Subject	Base year	Target year	Target
Daily electricity consumption per m ² of sales area	2019	2030	35%↓
Daily water consumption per m ² of sales area	2019	2030	10%↓
Daily Greenhouse gas emissions per m ² of sales area	2019	2030	35%↓
Daily Greenhouse gas emissions per m ² of sales area	2018	2030	50%↓
% female senior management (CEO & direct reports)	2018	2026 to 27-33%↑ [from 15%]	

As a member of the Consumer Goods Forum's board of directors, Migros CEO Özgür Tort embarked on a journey in collaboration with CGF member GS1 to drive product information digitalization and standardization across Migros stores in Turkey to improve operations and to enhance consumer trust. Migros is also a member of LEAD Network EU, which focuses on increasing the percentage of female senior executives in retailing and consumer goods industries.

Reporting & verification

Migros regularly and transparently reports its sustainability-related activities and performance by means of annual GRI standard-compliant sustainability reports that are published on its corporate website. Migros' greenhouse gas emissions data conforming to the ISO 14064-3 Greenhouse Gases ("Verification and validation of greenhouse gas statements") standard, the results of its supply-chain audits, and information concerning its activities falling within the scope of human rights [prohibition of discrimination, child

labor, forced labor; freedom of association and collective bargaining rights; minimum wage and the ratio of women's pay to that of men's; training that employees receive concerning human rights policies and procedures] are all independently audited and verified to be compliant with GRI standards. Having hitherto published separate annual sustainability reports, Migros plans to publish an integrated report for 2021 at its <https://www.migroskurumsal.com/en/sustainability> website in July 2022. This will be Migros' first GRI standard-compliant integrated report.

Migros is the only food retailer in Turkey whose efforts on behalf of sustainability qualified its shares for inclusion in the Borsa İstanbul Sustainability Index every year since that index's inception in 2014. Migros' Carbon Disclosure Project progress reports have qualified it as a CDP Climate Leader three times and the company is a CDP Water Leader as well. Both of Migros' 2021 reports to CDP qualified it for inclusion in the CDP's B ("Management level") list.



Compliance with corporate governance policies

Migros' approaches and processes when addressing human rights, environment, OHS, quality-standard, ethical-behavior, and workplace criteria and rules; Migros' environment, health & food, human resources, human rights and equal-opportunity, anti-bribery and anticorruption, responsible procurement, compensation, and OHS issues along with its ethical guidelines are published on the company's corporate website. All of Migros' corporate policies are reviewed every year and are revised as needed. Migros employees are notified of any changes in company policies by means of email, company circulars, and online training while Migros' suppliers are given access to such policies and to online resources through the company's "Mecom" and "MeMobil" business-to-business apps.

In the conduct of its operations, the company's position on the matters of ensuring equality of opportunity, preventing discrimination, respecting collective bargaining and unionization rights, preventing forced and child

labor, preventing workplace abuse and harassment, and complying with working-hour, remuneration, and employee-service rights is quite explicit and remedial action is initiated whenever situations to the contrary are detected. All human resources processes from recruitment and placement to remuneration are conducted in accordance with detailed job descriptions. Job applicants are hired on the basis of their competencies, irrespective of any distinctions having to do with cultural background, age, gender, or disability. There were no instances of child or forced labor or of discrimination reported concerning the operations of the company in 2021. An "Ethics Violation Complaint Tracking System" has been set up to ensure that all violations of Migros' corporate policies that may be received via the call center, by email, through mobile apps, or in other ways are collected and assessed at a single location and that all action related to these complaints is systematically tracked.

During 2021, no contract with any supplier had to be terminated due to non-compliance with company policies concerning combating bribery/corruption, human rights, or equality of opportunity.

**Scan the QR code below to access
Migros' policies**



supplier trainings

Migros' suppliers are given access to policies and to online resources through the "Mecom" and "MeMobil" B2B apps.

SUSTAINABILITY

Gender Equality & Equal Opportunities

In line with its gender equality and equal opportunity policies, Migros strives to nurture the personal and professional development of all of its personnel and it implements individual career plans on the basis of a detailed consideration of an employee's current duties, competencies, and areas in need of development without any attention whatsoever being given to gender. Regarding the concept of social gender equality as a core element of its corporate culture, Migros seeks to increase the number of women in management positions in many different ways. Employees are required to complete a "Valuing Equality" online training course and no questions of a discriminatory or sexist nature may be asked during job interviews. For its pregnant employees, the

company has developed a short video-supported training program dealing with such matters as pregnant employees' legal rights, healthy nutrition, child development, and returning to work after maternity leave. As of end- 2021, Migros increased its female executive ratio to 30%. The company's target is to increase this percentage to 35% by 2027. As a signatory also to the LEAD Network CEO Pledge, the company has also committed itself to a 5 percentage-point increase in female representation at the director level and above by 2023.

Besides improving gender parity in the world of business, Migros also encourages women to play an active role in society and strives to strengthen their presence in all aspects of life. In partnership with county-level public education centers,

public-education training dealing with more than a hundred subjects is provided through the Migros Family Clubs that meet on store premises. The great majority of the members of these clubs are women. Migros supports women-run cooperatives and it sells the Migros standard-compliant products that they make in its stores. Training provided to women farmers and entrepreneurs in partnership with the Women Entrepreneurs Association of Turkey is intended to help them improve their production capacity and standards. The company's website also hosts an "Better Future Ambassadors" online platform where women who like to shop at Migros can get together, share ideas and opinions, and discover ways to stretch family budgets.

social gender equality

Migros regards the concept of social gender equality as a core element of its corporate culture.



Extensive Combat Against Climate Change and Water Management

Migros deals with issues pertaining to combating climate change, to transitioning to a low-carbon economy, and to sustainability within the overall framework of international norms, national legal obligations, Sustainable Development Goals, and Consumer Goods Forum principles. Having improved its daily carbon emissions/m² sales area performance by 26% in the course of four years, the company has set itself the target of an additional 35% improvement [base year: 2019] by 2030. As of 2021, such emissions were already 18.8% lower than the base-year figure and Migros is moving steadily towards its goal of being carbon-neutral by 2050. The ongoing replacement of existing refrigeration systems in stores with

Migros-patented ones that use cold water instead of gas as a refrigerant is helping to reduce greenhouse gas emissions. To reduce electricity consumption, refrigeration, air-conditioning, and lighting systems are centrally controlled and existing systems are being replaced with newer and more efficient ones. 10% of the electricity that Migros used in 2022 was from renewable sources.

Migros tracks, calculates, and reports fulfilment of its energy-efficiency and electricity-conservation targets on the basis of its "Daily electricity consumption per m² of sales area" metric. The company has set itself the target of reducing this figure by 35% [base year: 2019] by 2030. As of 2021, this figure is already 15.2% lower than the base-year figure.

Migros also engages in a variety of efforts both to use water more efficiently and to prevent any waste water generated by its operations from adversely impacting the environment. Total water consumption resulting from all Migros operations in 2021 was 997,363 m³. This water is used entirely for cleaning and hygiene purposes and all of it is discharged as per regulatory requirements. Migros tracks fulfilment of its water-consumption targets on the basis of its "Daily water consumption per m² of sales area" metric. The company had previously set itself the target of reducing this figure by 10% [base year: 2019] by 2030. As of 2021, the company had already exceeded this target with its water-use 31.8% lower than the base-year figure. Migros has therefore set itself a new 2030 target of reducing its water use by 10% [base year: 2021].



SUSTAINABILITY



Combating food waste

Besides supporting sustainable farming practices, as a food retailer Migros also believes that it has a responsibility to help prevent food that has been produced through such untold amounts of labor from being wasted. In order to prevent any loss or destruction of food in the conduct of its operations and to make sure that food products that are in any way consumable are repurposed and used, the company quantifies, categorizes, analyzes, and improves such products.

Migros has pledged itself to halving its percentage of food loss and waste by 2030 as per UN Sustainable Development Goals target 12.3. Its per-ton ratio of food waste disposal to food sales, which was 5.36% in base-year 2018, was down to

4.21% in 2021. The company employs an in-house developed automatic ordering system incorporating a machine-learning intelligent algorithm to guarantee that goods are shipped in the right quantities. Ripe fresh fruits and vegetables and food products that are approaching their sell-by date are sold at a 25-50% discount. Food products which cannot be sold are given away. To prevent post-harvest losses, Migros has developed a procurements model in which it purchases a farmer's entire crop. Fresh produce that satisfies the company's sales criteria is sold directly to customers and the rest is used in the production of processed food products.

- **Respecting For Food**

Food products which do not satisfy visual sales criteria but which are still nutritionally wholesome are donated to food banks and other charitable outlets through the "Fazla Gida" (Whole Food) digital platform. To date, Migros' Respecting For Food project has donated enough food to provide 12.8 million meals to needy individuals.

- **WRI 10x20x30 Initiative**

Migros has joined, along with 23 of its volunteering suppliers, the World Resource Institute's "10x20x30 Supply Chain Initiative". It was the first retailer in Turkey to do so.



“ 6% reduction in plastic shopping bags

A 6% year-on reduction in the number of plastic shopping bags used per sales-slip issued was achieved in 2021.

- **Fresh Leftover to Our Four-Legged Friends**

Through the animal-rights federation HAYTAP, Migros donates food products that are approaching their sell-by date but are still edible for the feeding of wildlife, of stray animals, and of animals kept in shelters. 540 Migros stores have participated in this project, which has so far donated 4,423 tons of food.

- **Save Your Food**

Migros has joined the “Save Your Food” campaign initiated by the UN Food and Agriculture Organization and the Ministry of Agriculture and Forestry to create public awareness about the problem of food waste and. It has also published a guide to combating food waste in places where it is sold.

Our Commitments and Targets on Plastic Waste

In keeping with its responsible production and consumption attitudes, Migros seeks to prevent the generation of plastic waste in the conduct of its operations and it recycles such waste as does occur. As a member of the The Business Plastic Initiative, Migros has set itself a target of preventing close to 500 tons of plastic waste by 2023. In four of the company's private-label dishwashing detergents, 25% of the packaging consists of recycled PET. Last year Migros launched its “Bag-Free Shopping Movement” to reduce plastic use while also combating deforestation at the same time. Customer-engagement in this movement has resulted in a 6% year-on reduction in the number of plastic shopping bags used per sales-slip issued.

With the use of plastic bags in decline, Migros decided to add another 10,000 new seedlings and saplings to the more than half-million that it has had planted through the Aegean Forest Foundation in the course of the last fourteen years. Migros Up co-innovation platform project Ecording and Migros Wholesale customers have had 8,450 seedling balls planted by drone.

SUSTAINABILITY

Sustainability projects

WellBeing Journey

Through the WellBeing Journey feature of Migros Money and Migros apps, the food purchases made by Money Card holders are compared with recommended consumption levels and positive behavioral changes are supported by means of messages concerning what food groups are needed to achieve balanced nutrition on the one hand along with discounts on recommended products on the other. In collaboration with the Anadolu Health Center, Migros has developed an app specifically for customers following vegan/vegetarian diets that also provides access to informational videos prepared by professional dieticians. The number of people reached through this program since its inception has topped 3.3 million.

Migros Family Clubs

Set up in 33 Migros stores in 21 of Turkey's 81 provinces, Migros Family Clubs offer free vocational and talent-development courses in partnership with county-level public education centers. To date, these clubs' courses have covered activities in 128 different areas that include baking and cooking, embroidery, making and painting ceramics, paper-marbling, wood-finishing, oil-painting, diction, sign language, Pilates, foreign language instruction, photography, and robot-programming. The great majority of the clubs' more than 167 thousand members are women. Those who attend and complete Migros Family Club courses are awarded Ministry of Education-approved certificates. Some 15 thousand women who have received these certificates have transformed the knowledge and skills they acquired through Migros Family Clubs into gainful employment. The short training videos provided through the Migros Family Clubs Instagram account have been viewed a million times.

Growing Healthy With Migros

Migros has been conducting its "Growing Healthy With Migros" program, whose aims are to foster and strengthen such awareness among youngsters, since 2016. To date, more than 176 thousand children have taken part in store tours and training activities organized at 396 stores in 70 provinces across Turkey. Following a decision to expand the scope of the program to include the digital environment as well as physical store tours, an animated film with FAO-approved content was prepared and in 2021 this film made its first appearance on Migros TV on the occasion of April 23 National Sovereignty and Children's Day. This film deals with a host of subjects ranging from the benefits of fresh fruits and vegetables to the checks that foods undergo before they are allowed on store shelves and from Good Agricultural Practices to tips on how to read labels correctly.



3.3 million people

The number of people reached through WellBeing Journey since its inception has topped 3.3 million.

Other CSR activities

Migros also collaborates with its stakeholders in a variety of projects focusing on education, sport, and health-related issues.

With Little Athletes project, its project for children with special needs in the 2-7 age group, a portion of the proceeds from the sale of Procter & Gamble products at Migros stores is donated to the Turkey Special Olympics Committee to fund that committee's campaign focusing on increasing the children's coordination skills and on helping them to socialize by interacting positively with other kids their own age. To date, the project has made it possible for 6,238 youngsters with special needs to take part in sports. The "Clothing Donation Campaign" that Migros conducts jointly with Ariel (a P&G detergent brand) and the Community Volunteers Foundation (TOG) has been running now for 10 years. Since the project's inception, such garments have been donated to 420 thousand people.

For a 'Ruffles Girls On The Field Platform' consisting of a football school for girls, tournaments for high school girls and adult women, football and social development camps for boys and girls, and institutional training courses for schools and companies, "Crisps Packaging Recycling Bins" have been installed at 63 Migros stores. The crisps packages collected in these bins will be recycled and used to make the synthetic pitch that will be installed in a playing court that is to be constructed.

For every Lipton or Lays brand product sold in Migros stores, donations were made to the Turkish Needs Map Foundation in aid of its project to support the education of a thousand students. An additional donation for each package of Lays brand products sold by Migros was made to Seed

Association, an NGO, that supports the cultivation of domestic potato varieties among other things.

Migros donated 3,000 saplings in support of a 'Have Plenty of Pistachios Project' undertaken jointly by Nestlé Damak and the Turkish Foundation for Combating Soil Erosion.

Migros supported a project undertaken by Frosch and the Turkish Marine Research Foundation in which volunteers picked up and removed 60 kgs of trash from Riva beach on Istanbul's Black Sea coast.

Under a joint Nestlé Breakfast Cereals and SosyalBen Foundation project that was begun last year, school kits will be given to children in the 7-11 age group in different parts of the country.

Under a Kellogg's-sponsored Educational Volunteers Foundation of Turkey (TEGV) "1,000 Tablets For 1,000 Kids" project, one lira was donated to the foundation for each Kellogg's-brand product sold by Migros. At the conclusion of the project, tablets will be given to a thousand needy children designated by TEGV.

In 2021 Migros continued to work with the Spinal Cord Paralytics Association of Turkey in the conduct of its plastic-cap collection project. The company has so far supported the donation of four wheelchairs to the association.

More than 58,500 books collected from Migros customers have been donated and given to schools through the Books For All Everybody Foundation.

A portion of the proceeds from the sale of Finish Powerball 0% dishwasher tablets at Migros stores was used to support the replenishment of up to 600 thousand m³ of water to dried-up Kuyucuk lake. As a result of this project, more than 120 of the

Kuyucuk ecosystem's bird species have returned so far.

Accessible Migros Project

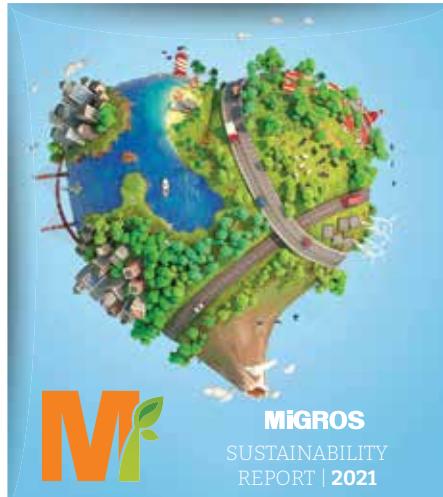
The "Accessible Migros Project" was originally launched in 2017 and was subsequently expanded with the addition of features to the Migros Sanal Market mobile app that made it compatible with visually-impaired customers' screen-reader programs. In 2021 this project took another step forward with the incorporation of BlindLook audio simulation technology into the Migros Sanal Market website and app. By means of this technology, all the features of the website and app are made fully accessible to visually-impaired users, who are also provided with guidance about where they are and what they should do next at each step. The number of Migros stores conforming to the requirements of the Accessible Migros concept is approaching 280 in 50 cities. These stores have at least one employee on duty who is trained in sign language. The stores are also equipped with wheelchairs, access ramps, and checkout counters that give precedence to elderly and physically impaired customers.

social responsibility

Migros collaborates with its stakeholders in a variety of projects focusing on education, sport, and health-related issues.



SUSTAINABILITY



Highlights of 2021

You may access information regarding the awards we received in 2021 from our corporate website

On the Capital 500 list, we rank as Turkey's **16th largest company**.



We rank **13th** on the Fortune 500 Turkey List.

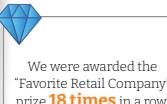


We are the only food retailer to be listed in the BIST Sustainability Index **8 years** in a row.



We were among the leaders of the CDP Climate Change program **three times** and CDP Water Program **once**.

We were awarded the "Favorite Retail Company" prize **18 times** in a row.



In Capital Magazine's research, we were ranked in the **top ten** in the categories of 'sensitivity to the ecological environment', 'social responsibility' and 'sustainability strategies'.

Our Corporate Governance Rating Score was updated as **9,67 (96,69)** as of 28 December 2021.



Migros Better Future Plan

Better For Our World

EXTENSIVE COMBAT AGAINST CLIMATE CHANGE

- * Doing studies to measure and reduce our carbon footprint.
- * Developing projects for the effective use of water and energy resources.

SUSTAINABLE AGRICULTURE AND FOOD CONSERVATION

- * To support sustainable agriculture and production and protect agriculture-oriented biodiversity.
- * Making operational improvements, projects and collaborations to reduce food waste throughout our value chain.

SUPPORTING THE CIRCULAR ECONOMY

- * Measuring, reducing, recycling our waste to support economy.
- * To improve the life cycle of our own branded products

Better for Innovative Transformation

INNOVATIVE APPLICATIONS

To implement innovative practices that increase our efficiency and add convenience and speed to the lives of our stakeholders.

TRANSPARENT AND FAST FLOW OF PRODUCT INFORMATION

To ensure the transparent, consistent and fast flow of product content and information.

Better for Our Customers and Stakeholders

CREATING SUSTAINABLE ECONOMIC VALUE

To create a common value by including our stakeholders in our sustainable development goals with the economic value, employment and business partnerships we create.

RESPONSIBILITY AND AWARENESS STUDIES

To carry out social responsibility awareness-raising activities for a better world and a strong society.

Better for Our Employees

EMPLOYEE DEVELOPMENT AND TALENT MANAGEMENT

To support the personal and professional development of our employees, to manage their career planning in a fair and transparent way.

HEALTH AND SAFETY OF OUR EMPLOYEES

To work to protect the physical and mental health of our employees.

Our Targets and Commitments

Better for Our World

* To reduce our daily CO₂ emissions and electricity consumption per m² of sales by **↓ 35%** in 2030 compared to 2019



* To reduce our CO₂ emissions per unit carried in transport by **↓ 2,5%** in 2026 compared to 2021.

* To reduce our daily water consumption per m² of sales by **↓ 10%** in 2030 compared to 2019. (has been exceeded)



* To reduce **↓ 493 tons** of plastic packaging as a result of our commitments to the Business Plastics Initiative (IPG).

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* To reduce the ratio of our food disposal tonnage to our food sales tonnage by **↓ 50%** in 2030 compared to 2018.

Better for Innovative Transformation



* Develop a digital platform to ensure traceability of food until 2023.



* To increase our fruit and vegetable purchase tonnage with Good Agricultural Practice by **↑ 20%** in 2022



* To contribute to convert **760 hectares** of land for organic farming by 2026.



* To train **1 million women** with Migros Women's Academy until 2023.

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Our Contribution to Sustainable Agriculture and Biodiversity

GOOD AGRICULTURAL PRACTICES (GAP)

- Purchasing of GAP products from our **118 suppliers and 734 sub producers** in 2021
- Chicken and turkey products, **100% of produced in accordance with GAP principles**
- In 2021, delivering **27,468 tons of chicken, 8.8 millions of eggs, 2,227 tons of turkey, 725.7 tons of raw milk** in accordance with GAP
- A total of **1,126,452 tons** of GAP product supply in 11 years

- Contributing to **organic agriculture of 413 hectares** as a result of our supply in 2021.
- Bringing **59 products belong to 25 territories** with our Tastes of Anatolia Project
- Combating Deforestation
 - Donation of **554,148 saplings** in 14 years
 - Contribution to the '**Have Plenty of Pistachios**' with Nestlé Damak
- Within the scope of **Migros Up, 8,450 seedling balls** were planted in cooperation with Ecording.

Better For Our World

OUR EFFORTS TO REDUCE PAPER USAGE

- Reduced paper usage ratio by **↓90%** as we transferred the campaign booklets to digital. We used **68.2 tons of recycled paper** in our printed campaign booklets.
- ↓ **86.57 tons of paper usage reduction** in 2021 by systemic developments in stores and digitizing processes
- 195,316 trees** saved with recycling wood, paper and cardboards

Combating Climate Change and Our Energy Management

OUR CARBON FOOTPRINT

- 2019 - 2021: **↓18.8% reduction** in daily carbon emissions per m² of sales
- 2018 - 2021: **↓1% reduction** in CO₂ per unit transported
- Preventing gas leakages with water cooling system at **25 stores and distribution centers**

ENERGY EFFICIENCY

- 2019 - 2021: **↓15.2 % reduction** in daily electricity consumption per m² of sales
- In 2021, I-REC International Renewable Energy Certificate for the **10%** of electricity we use

Better For Our World

Our Sustainable Water Management

- 2019 - 2021: **↓31.8% reduction** in daily water consumption per m² of sales
- With the TURMEPA Marine Environment Protection Association, **280,000 liters of wastewater** were collected and **2.3 million liters of seawater** was saved

Our Food Waste Prevention Practices

- 3,967 tons** of food saved by product discounts whose expiry date is upcoming
- 12.78 million meals** delivered to those in need with our "Respecting Food" project
- Donation of **4,423 tons** of food to stray animals with our "Fresh Leftovers to Our Four-Legged Friends" project
- Obtaining **2,610 tons** of compost, **1,123 kWh** of electricity from **5,800 tons of organic waste by biogas**

Better For Our World

OUR CONTRIBUTIONS TO WASTE COLLECTION AND RECYCLING

- Reduced the rate of plastic bag usage per transaction by **↓6%** within the plastic bag-free shopping movement.
- We collected **41.8 tons** of waste vegetable oil and **5.45 tons** of waste batteries.
- We recycled **13,774 tons** of packaging waste.
- We sent **138 tons** of electrical and electronic equipment for recycling.
- Sales of **2,013,839** environment friendly non-women and cloth bags

Better For Our World

Sustainable Growth with Our Suppliers

- 84.67% of our **543 suppliers** passed the IFS Food Safety audit, and **80.76%** of our **399 suppliers** passed the GC Ethics and Social Compliance audit.
- 65.7% of them passed both audits and received the "GC Migros Approved Supplier" certificate.
- We are the food retailer who has the highest number of quality management system certificates issued by the **Turkish Standards Institute (TSI)**

QUALITY, FRESHNESS AND HYGIENE

SUSTAINABILITY

<h3>Our Products and Services Supporting Healthy Living</h3> <ul style="list-style-type: none"> 12,721 products supporting healthy life in 2021 - 396 of them private label 19% of sold eggs and 1.7% of sold chickens are organic products 1,760 tons of organic fruit and vegetable sales 2,925 products of total portfolio and 380 fruit/vegetable products from 64 contracted farms engaged in organic production with Tazdirekt 220 different control points in the control of all red meat products 	<h3>WELLBEING JOURNEY</h3> <ul style="list-style-type: none"> Balanced nutrition recommendations for 3.3 million people with food shopping analysis Special information for vegans and vegetarians <h3>GROWING HEALTHY WITH MIGROS</h3> <ul style="list-style-type: none"> The activities were adapted into an animation video with the support of FAO, which received a total of 206,313 views on Migros TV and social media channels. 	<h3>Effective Communication with Our Customers</h3> <h4>Better For Our Customers And Stakeholders</h4> <ul style="list-style-type: none"> 3,500,000 customer feedback in 2021 Analysis and follow-up of 10,338,525 messages on social media Consumer and trend researches covering 126,744 people Voice simulation on Migros Sanal Market mobile application and website. <h4>ACCESSIBLE MIGROS</h4> <ul style="list-style-type: none"> 283 stores in accordance with the 'Accessible Store' concept, offering privileged services to our disabled and elderly customers in 50 provinces
<h3>Our Collaborations Providing Social Contribution</h3> <ul style="list-style-type: none"> 4 wheelchairs with Spinal Cord Paralytics Association of Turkey 58,588 books reaching schools with the Books for All Foundation Contribution to TEGV with every Mayo sold. TEGV Aysel Övüçü Learning Unit was opened in Çorlu with the donations made. Donations from the sales of Lipton and Lays products to the Needs Map Association, and from the sales of Lays products to the Seed Association. 	<h4>Better For Our Customers And Stakeholders</h4> <ul style="list-style-type: none"> Little Athletes: 6,538 special children meeting sports in cooperation with P&G and the Turkey Special Olympics Committee Clothing Donation Campaign: The clothes collected with Ariel and Community Volunteers Foundation were delivered to 420,000 people in need. Batteries to Migros & Milk to Kids: 5.45 tons of waste batteries collected in cooperation with TAP and 5,451 liters of milk donated to the Koruncuk Foundation 	<h3>Generating Sustainable Economic Value</h3> <h4>Better For Innovative Transformation</h4> <ul style="list-style-type: none"> Reaching 99% households in 2021 2,942 active suppliers and 20,000 farmers 150 million TL purchase from Agricultural Credit Cooperatives
<h3>Digitalization and Our Innovative Practices</h3> <ul style="list-style-type: none"> Migros Up joint innovation and entrepreneurship platform launch Active 'Sanal Market' e-commerce operations in 81 provinces 2 times increase in online sales within one year 	<h4>Better For Innovative Transformation</h4> <ul style="list-style-type: none"> Digital Agriculture Stations established in cooperation with Vodafone 3,800 verified products, 5,717 of which are registered with GS1 in collaboration with 278 suppliers Transparent and consistent data flow between producer-retailer-consumer in cooperation with GS1 For the first time in Turkey traceability with blockchain - More than 750 vegetables and fruits 	<h3>Our Employee Profile</h3> <h4>Better For Our Employees</h4> <ul style="list-style-type: none"> 80% of the employees are Generation Y, 7% are Generation Z 11 years average seniority for administrative unit and store management Total employment of 55,000 people 8,000 new employment in 2021

<h3>Empowering Our Employees</h3> <ul style="list-style-type: none"> According to "Most Popular Companies" research, the most preferred retailer to work with 3,130,246 (employees x hours) vocational and personal training provided for 40,470 employees 87 of our employees are considered university graduates by completing the Migros Retail Associate and Bachelor's Degree Program 	<ul style="list-style-type: none"> 70,1% of all our employees are trade union members. 38,558 employee calls resolved in 2021 79% employee satisfaction score 69% employee loyalty rate 	<h3>Our Employees' Health and Safety</h3> <ul style="list-style-type: none"> All of our units have ISO 45001 Occupational Health and Safety Management System Certificate. A total of 155,415 distance training within the scope of Occupational Health and Safety and pandemic through 34 different modules In 2021, we performed 57,155 routine health checks on our employees.
<ul style="list-style-type: none"> 54,874 hours of face-to-face on-the-job training and 14,760 hours of remote Occupational Health and Safety training given to our employees "Psychological and Medical Consultancy Service" line. A total of 1,246 people benefited from this service. 107,952 people benefited from 23 different practices and activities within the scope of employee health. 	<h3>Gender Equality and Equal Opportunities</h3> <ul style="list-style-type: none"> 30 female executive rate in 2021 While the rate of female butchers is 1% in Turkey, it is 7,7% in Migros 42% female participation to Migros Leadership Path - I Develop Program 40% female employees 	<ul style="list-style-type: none"> The retailer that buys the biggest amount of products from Women's Cooperatives We raise production standards by training women farmers and entrepreneurs in cooperation with KAGİDER
<h4>FAMILY CLUBS</h4> <ul style="list-style-type: none"> Free vocational and talent courses in 128 different areas at 33 locations 15,000 women who started to earn income after the trainings received 167,000 members, mostly women <p> </p>	<h4>BETTER FUTURE AMBASSADORS</h4> <ul style="list-style-type: none"> Platform where 140,000 female members contribute to the family budget while sharing ideas and opinions Employment of 460 women 	<h4>MIGROS WOMEN'S ACADEMY</h4> <ul style="list-style-type: none"> Platform for enabling women to acquire new skills through different trainings Our goal is to reach 1 million women in 3 years <p> </p>



“Migros conducts its activities in a transparent, accountable, fair and responsible manner.





BOARD OF DIRECTORS



Tuncay Özilhan
Chairman

Tuncay Özilhan was born in Kayseri. He studied in Saint-Joseph High School, then graduated from the Faculty of Economics of Istanbul University. He received his MBA degree from Long Island University in the United States. He started his career in 1977 as General Director of Erciyas Brewery and has undertaken responsibilities such as Coordinator of the Beer Group and General Coordinator of Anadolu Group. Tuncay Özilhan acted as the CEO of Anadolu Group from 1984 to February 2017. He is the Chairman of Anadolu Group since May 2007.

Outside positions held

He has also been serving as Chairman of Anadolu Foundation as well as various Group companies. Özilhan served as the Chairman of TÜSİAD [Turkish Industry & Business Association] from 2001 to 2003 and he is currently Chairman of its High Advisory Council. His other responsibilities include; Member of the Board at the Foreign Economic Relations Board (DEİK), Honorary Consul for the Republic of Estonia and President of Anadolu Efes Sports Club. He also served as Chairman of the Turkish – Russian Business Council at DEİK. Tuncay Özilhan holds Ministerial Medal by the Ministry Foreign Affairs of the Republic of Estonia and "The Order of the Rising Sun, Gold and Silver Star", constituting one of the most important orders awarded by Japanese government.



Kamilhan Süleyman Yazıcı
Vice Chairman

Kamil Yazıcı graduated from New York Military Academy as lieutenant captain [96'], holds a BA degree from Emory University's Goizueta Business School [00'], an MBA degree from American Institute of Business and Economics [05'] and has completed the GMP program at the Harvard Business School [17']. Starting his career in Anadolu Group in 2000, Yazıcı completed the orientation program at the holding later continuing his career in Anadolu Efes' Russian beer operations where he assumed the roles of Supply Chain Director and Business Development Director during 2008–2011. In 2011, Yazıcı was appointed as General Manager of Efes Vitanta in Moldova and resumed this role until 2014. In 2014 he was appointed as Anadolu Efes Market Development Director and held this position until 2017.

Outside positions held

Since 2017, Yazıcı has been serving as Board Member and Vice-Chairman at Anadolu Group and its subsidiary boards. In addition, Yazıcı serves as Board Member for TAIK [Turkey-U.S. Business Council], Togg, HBS Alumnus [Harvard Business School's Alumni Board] and is Chairman of KYYDAS (the Kamil Yazıcı Family Trust).



Tuğban İzzet Aksoy
Board Member

Tuğban İzzet Aksoy graduated from the Management and International Finance Department of the University of Oglethorpe in the USA, following his education at the Austrian High School. He began his professional career as an Assistant Expert in the Financial Affairs Directorate at Anadolu Endüstri Holding, in 1996. In December 1998 he was appointed as a Senior Broker at the Alternatifbank Treasury Department. Following five years in this role, Aksoy took on the role of Corporate Finance and Risk Manager at the Treasury and Risk Management Department of Anadolu Endüstri Holding A.Ş. in June 2003. In April 2008, he became Assistant Coordinator at Business Development Directorate, and between 2009–April 2019, he worked as Anadolu Group Energy Sector Coordinator.

Outside positions held

He continues to serve as Board Member in various Anadolu Group companies. Aksoy, who has participated in professional training and seminars in his field, is member of energy groups of TÜSİAD and TOBB. He is also the executive board member of the Turkish Jockey Club. Aksoy has been serving as an honorary consul of Georgia since 2016 and also holds Georgian Government Medal of Honor.



Mehmet Hurşit Zorlu
Board Member

Hurşit Zorlu holds a BCs degree in Economics from İstanbul University. Prior to joining Anadolu Group as a Marketing Specialist at the Efes Beverage Group in 1984, he held various positions in Toz Metal and Turkish Airlines. During his career at Efes Beverage Group, he held various positions including Assistant Marketing Manager, Assistant Project Development Manager, Project Development Manager and Business Development & Investor Relations Director respectively. Zorlu held the position of Chief Financial Officer [CFO] at Efes Beverage Group between 2000-2008 and the position of CFO at Anadolu Group between 2008-2013. In January 2013, Zorlu was appointed as Deputy CEO and as of February 2017 he was appointed as CEO of Anadolu Group.

Outside positions held

Hurşit Zorlu, a Board Member of various Anadolu Group companies, is also the Chairman of the Sustainability Committee of the Group. Zorlu is a board member of DEİK Outbound Investment Business Council, Board Member of the Turkish Investor Relations Society [TÜYİD] and served as the 8th term Chairman of the Corporate Governance Association of Turkey [TKYD] between 2015-2017.



Esel Yıldız Çekin
Board Member

Esel Çekin has been Executive Director of the Harvard Business School MENA Research Center since it opened in 2013. She manages the School's research activities in Turkey, the Middle East, North Africa and Central Asia. With a degree in economics from Boğaziçi University, she went on to earn her PhD in the same field from the City University of New York Graduate School. She also completed the Advanced Management Program at Harvard Business School. Ms. Çekin started her career as a consultant at Bain & Co. Management Consultancy in their Istanbul office. In 1999, she joined Boyner Holding, Turkey's largest non-food retail group, as Vice President of Strategy and Business Development. From 2004 to 2009, she served as Chief Executive Officer of Beymen, Boyner Holding's luxury department store chain. Prior to taking on the director position at the MENA Research Center, she served as Executive Director of the Graduate School of Business at Koç University.

Outside positions held

Esel Çekin has been Executive Director of the Harvard Business School MENA Research Center. She currently teaches an undergraduate course in retail management at the College of Administrative Sciences at Koç University.



Rasih Engin Akçakoca
Board Member

R. Engin Akçakoca received his undergraduate degree from Middle East Technical University in Management and started his career in banking in 1974. He assumed Deputy General Manager position in Koç-Amerikan Bank during 1986 and 1991 and General Manager position in Koçbank A.Ş. during 1991 and 2000. He was appointed as the Chairman of the Banking Regulation and Supervision Agency and the Savings Deposit Insurance Fund in 2001 responsible for a large-scale banking sector restructuring program held in Turkey. Akçakoca has been working as a consultant since 2004.

Outside positions held

R. Engin Akçakoca, holds board member positions in various Anadolu Group companies.

BOARD OF DIRECTORS



Recep Yılmaz Argüden
Board Member

Dr. Argüden is the Chairman of ARGE Consulting, a globally recognized Turkish management consulting firm known for value creating strategies, governance, and sustainability. He is also the Chairman of Rothschild&Co investment bank in Türkiye. His career spans the private sector, public sector, multinational institutions, NGOs, and academia. Dr. Argüden served on the boards of more than 70 national and international corporations. He is an adjunct Professor of Business Strategy, an author of numerous books and a columnist focusing on business, strategy, governance, and sustainability.

He is a renowned governance expert and served as the Vice-Chairman of the Governance Committee of the Business at OECD, as a member of the IFC's Corporate Governance Advisory Board, and as the Chairman of Trustees of the Argüden Governance Academy. He has also served as the Vice-Chair of the Turkish Basketball Federation. As a social entrepreneur he has founded and led numerous NGOs and initiated the National Quality Movement. As the elected Global Chair of the National Networks, he has served on the Board of the UN Global Compact, the world's largest sustainability platform.

Outside positions held

Dr. Argüden holds board member positions in various Anadolu Group companies.



Ömer Özgür Tort
Board Member and CEO

Ö. Özgür Tort joined the Business Development Department of Migros in 1996 and went on to lead, in chronological order, Project Management, International Investments Coordination and Customer Relationship Management [CRM]. In 2002 he was posted as Chief Operations Officer of Ramstore retail operations in Russia where he stayed for the next four years before returning to Migros, Turkey as Chief Human Resources Officer in 2006. In 2008 Ö. Özgür Tort was appointed Chief Executive Officer of Migros and has served in this role ever since. Tort graduated from Istanbul Technical University with a BSc in Industrial Engineering and in addition holds an MS degree in Engineering Management from Missouri University of Science and Technology. He is currently working on his doctoral thesis in the same academic field at Marmara University.

Outside positions held

Since 2013 Ö. Özgür Tort has been a board member of the Consumer Goods Forum [CGF], a global organization formed by the world's leading retailers and manufacturers. In 2019 he was appointed Co-Chair [retail] of the CGF. On the national level, Ö. Özgür Tort is the Vice Co-Chair of Food Retailers Association [GPO] and board member of the Turkish Federation of Shopping Centers and Retailers [TAMPF]. In 2020, Tort became a board member of both GS1 Global and GS1 Turkey. Ömer Özgür Tort is also the Chairman of Migros' subsidiaries MoneyPay Ödeme ve Elektronik Para Hizmetleri A.Ş., Mimedya Medya Platform A.Ş. and Dijital Platform Gida Hizmetleri A.Ş.



İzzet Karaca
Independent Board Member

İzzet Karaca graduated from Boğaziçi University Industrial Engineering Department in 1977. Having started his professional career in 1977 at Koç Research and Development Centre, he held Industrial Engineer and IT Manager position until 1985. Between 1985-1988, Karaca worked as Systems and Organization Director at Ford Otosan. Since 1988, he held several positions at Unilever in Germany, Turkey and Baltic States including Internal Audit Group Manager, Logistics Manager, Commercial Director and Managing Director.

In addition, between 2011- 2013, İzzet Karaca served as the Chairperson at YASED [International Investors Association]. After serving as Executive Chairman at Unilever Turkey and Unilever NAMET RUB [North Africa, Middle East, Russia, Ukraine and Belarus] and being a member of the Unilever CEO Forum, Karaca retired at December 2013.

In 2015, he published his first book called "The New CEO is... You".

İzzet Karaca possesses the qualifications of an independent board member as per the CMB's Corporate Governance Principles. He is not related in whatsoever manner to Migros Ticaret A.Ş. and/or its related parties.



Hüseyin Faik Açıkalın
Independent Board Member

After receiving his degree in business administration from the Faculty of Economic and Administrative Sciences at the Middle East Technical University in 1987, Hüseyin Faik Açıkalın began his professional life and banking career as an assistant specialist at Interbank. He worked in various positions including internal auditor, customer relationship manager, branch manager and marketing manager at Interbank, Marmarabank, Kentbank, Finansbank and Demirbank between 1992 and 1998. In May 1998, he joined Dışbank [subsequently named Fortis upon the acquisition of Dışbank by the international finance group Fortis] as Executive Vice President, and later that year, he was appointed as an executive director responsible for the coordination and communication between the Board of Directors and business units. Having started to function as a member of the Credit Committee at the same time, Açıkalın assumed the roles of Deputy Chief Executive Officer and Board member of Dışbank in June 1999. Appointed as CEO and Executive Director in December 2000, he continued to serve as CEO of Dışbank when it was renamed Fortisbank following the acquisition of Dışbank by Fortis Group. In the same period, he also began assuming roles in the international management of Fortis.

In October 2007, he resigned from his duties at Fortisbank and became Chief Executive Officer at Doğan Gazetecilik, a media holding company, before being appointed as an Executive Director of Yapı Kredi Board of Directors and Chief Executive Officer in April 2009. After serving as the CEO of Yapı Kredi from May 2009 until December 2017, Açıkalın was assigned as Managing Director and CEO at Koç Finansal Hizmetler in 2010, in tandem with his ongoing roles. In addition to his existing functions, he was brought to the position of Koç Holding Banking and Insurance Group President in August 2011. Furthermore, he served as the Chairman of Yapı Kredi Invest, Yapı Kredi Leasing, Yapı Kredi Factoring, Yapı Kredi Bank Nederland NV, Yapı Kredi Bank Azerbaijan, Yapı Kredi Bank Malta, Yapı Kredi Bank Moscow, Yapı Kredi Koray REIT, and Koçfinans, as Deputy Chairman of Banque de Commerce et de Placements S.A. and Allianz Life and Pension, and as Board member of the Banks Association of Turkey.

Hüseyin Faik Açıkalın qualifies as an independent member according to the CMB's Corporate Governance Principles. He is not related in whatsoever manner to Migros Ticaret A.Ş. and/or its related parties.



Şevki Acuner
Independent Board Member

After receiving his degree in business administration from Boğaziçi University in 1976, Şevki Acuner got a Graduate Diploma from the Stockholm University and then an MBA from the Concordia University in Montreal. Having started his banking career at the Central Bank of the Republic of Turkey, he then worked at the Bank of Montreal in Canada and later at the Royal Bank of Canada in various countries. He has been functioning in various roles at the European Bank for Reconstruction and Development [EBRD] since 1996. Having played a key role in the launch of EBRD's Turkey operations in 2009, he served as Deputy Country Director for Turkey at EBRD until 2013, during which post he was based in Istanbul. He has been serving as EBRD's Director for Ukraine based in Kiev since 2013. Acuner has fulfilled Board of Directors member role as the Bank's representative in a number of EBRD's equity investments.

Having served as the President of the Turkish Bankers Association – United Kingdom [TBA] for many years during his career in London, Acuner led the EBRD's growth in our country within the frame of his position in Istanbul. Acuner takes place among the leading supporters of the country's economic transformation and the leaders of the finance world in Ukraine. Among his many responsibilities are functioning as the Chairman of the Board of the Business Ombudsman Council, board member at public companies and Head of the Nomination Committee responsible for appointment of CEOs, and Deputy Chairman of the Board of the American Chamber of Commerce in that country.

Şevki Acuner qualifies as an independent member according to the CMB's Corporate Governance Principles. He is not related in whatsoever manner to Migros Ticaret A.Ş. and/or its related parties.



Emre Ekmekçi
Independent Board Member

Emre Ekmekçi received his bachelor's degree in Industrial Engineering & Systems Engineering from University of Southern California in 1999. He began his career at Pitch Interactive Marketing Agency in Los Angeles and served as Business Development Manager until May 2007. He was appointed as Country Manager of Monster.com in Turkey between May 2007- January 2008 prior to join Internet Holding as Business Development Director between January 2008 - December 2009. Emre Ekmekçi acted as CEO of Groupon.com from December 2009 to October 2011. He served as the Executive Board Member and the President of Business Development of Dogan Online between October 2011 – April 2016. Acted as Board member and Chief Commercial Officer of Hepsiburada from April 2016 to April 2018, Emre Ekmekçi was appointed as Board member and the President of Hepsiburada between April 2018 and June 2019.

Holding an MBA degree from Columbia Business School, Emre Ekmekçi is the President of ETİD - Turkish E-Commerce Association and the Vice Chairman of TOBB - E-Commerce Council. He is married and has one daughter. He speaks English and Turkish.

Emre Ekmekçi possesses the qualifications of an independent board member as per the CMB's Corporate Governance Principles.

BOARD OF DIRECTORS REPORT

Board of Directors

Tuncay Özilhan	Chairman
Kamilhan Süleyman Yazıcı	Vice-Chairman
Tuğban İzzet Aksoy	Member
Mehmet Hurşit Zorlu	Member
Esel Yıldız Çekin	Member
Rasih Engin Akçakoca	Member
Recep Yılmaz Argüden	Member
Ömer Özgür Tort	Member and CEO
İzzet Karaca	Independent Member
Hüseyin Faik Açıkalın	Independent Member
Şevki Acuner	Independent Member
Emre Ekmekçi	Independent Member

Board of Directors

At the Company's annual general assembly meeting on 26 May 2021, Tuncay Özilhan, Kamilhan Süleyman Yazıcı, Tuğban İzzet Aksoy, Mehmet Hurşit Zorlu, Esel Yıldız Çekin, Rasih Engin Akçakoca, Recep Yılmaz Argüden and Ömer Özgür Tort were elected to seats on the Board of Directors as board members while İzzet Karaca, Hüseyin Faik Açıkalın, Şevki Acuner and Emre Ekmekçi were elected to serve as independent board members for one year until the general assembly meeting during which the Company's 2021 accounts will be discussed.

According to the Board of Directors decision passed on 27 May 2021, Tuncay Özilhan was elected as the Chairman of the Board and Kamilhan Süleyman Yazıcı as the Vice-Chairman.

The Board of Directors is authorized to take decisions about all matters except those which are reserved to the general assembly under the Turkish Commercial Code or by the Company's articles of association.

Under article 17 of the articles of association, board members may serve for a maximum term of three-year unless a shorter term of office is specified at the general assembly meeting at which they are elected. A board member whose term of office expires may be reelected. Shareholders assembled in a general assembly meeting may, for just cause and at any time that they deem such action to be necessary, dismiss any board member whether or not such an item is on the meeting agenda.

In compliance with CMB regulations and the provisions of the Turkish Commercial Code, an audit committee, a corporate governance committee, and an early detection of risk committee have been set up at the Company. The duties of a nominating committee and of a remuneration committee are performed by the Migros Corporate Governance Committee.

Senior Management

Under Migros' articles of association, senior executives are chosen and appointed by the Board of Directors.

Migros Senior Management consists of Executive Committee members Ömer Özgür Tort [CEO], Mustafa Murat Bartın [COO] Ekmel Nuri Baydur [CMO] and Ferit Cem Doğan [CFO], and Assistant General Managers Hakan Şevki Tuncer [Chief Expansion & Property Officer], Tarık Karlıdağı [Chief Construction Officer], Bülent Kuntay [Chief Supply Chain & Logistics Officer], Kerim Tatlıcı [Chief Information Officer] and Olcay Yılmaz Nomak [CHRO].

BOARD OF DIRECTORS REPORT

Independent Auditing

At a meeting of the Board of Directors on 24 March 2021, the board, acting upon the recommendation of the Audit Committee and in compliance with the requirements of CMB Communiqué on capital market independent auditing standards [Serial: X, No: 22] and of the Turkish Commercial Code, decided to select DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. to be the Company's independent auditor for 2021 fiscal year subject to the provisions of capital market laws and regulations and of the Turkish Commercial Code. This decision was approved at the general assembly of shareholders on 26 May 2021.

Changes in the Articles of Association

There was no change in the articles of association in 2021.

The Company's current articles of association is available under the Investor Relations tab on the corporate website at the address www.migroskurumsal.com and on the Public Disclosure Platform [KAP].

Changes in Paid-in Capital during the Reporting Period

There were no changes in our Company's paid-in capital of TL 181,054,233 during the reporting period.

As stated in the public disclosure dated 26 January 2021 by Kenan Investments S.A., one of our Company's shareholders, sales of Migros shares with a nominal value of TL 21,308,336 held by Kenan Investments S.A. took place at a sales price of TL 44.15 per share payable in cash. As a result of the said transaction, Kenan Investments S.A. does not have any stake left in Migros.

Migros Ticaret A.Ş. Shareholder Structure

Shareholder	Share [%]	Share Amount [TL]
MH Perakendecilik ve Ticaret A.Ş.	89,046,058	49.18
Other	89,046,059	49.18
Migros Ticaret A.Ş.	2,962,116	1.64
Total	181,054,233	100.00

Migros' Position in the Sector and Investments in 2021

Migros Ticaret A.Ş. operates in the food retailing sector. The Company is both a retailer that sells such products directly to consumers and a wholesaler that sells them to other retailers. The Company also operates shopping malls in Turkey and in other countries through its foreign subsidiary in Kazakhstan.

For Migros 2021 has been a year in which both investments in online operations and investments in physical stores continued. In 2021, new openings by Migros consisted of 162 Migros (119 M, 41 MM, and 2 MMM), 98 Migros Jet, 11 Macrocenter, 31 Macrokiosks, 2 Hypermarkets and 3 Wholesale stores in Turkey. Thus, a total of 307 new store investments went into service last year.

As of end-2021, the Company reached 2,565 stores consisting of 850 M, 439 MM, 148 MMM, 936 Migros Jet, 76 Macrocenter, 34 Macrokiosks, 57 hypermarkets and 25 Wholesale stores located in all 81 cities of Turkey.

Investments in e-Commerce

While 529 stores served online in 81 cities at year-end 2020, this number rose to 867 at year-end 2021.

The service network of Migros Sanal Market surpassed 630 stores in 81 cities during the reporting period, while the service coverage of Migros Hemen reached 228 stores in 49 cities. Macroonline offers online shopping service out of 70 stores in nine cities, whereas Tazdirekt offers service in six cities.

Furthermore, the reach of the privileged service understanding of Migros was expanded on the back of collaborations established with online marketplaces providing the customers with easy order and fast delivery opportunity in numerous products.

Sales from Migros' online operations enlarged by nearly six folds over the last two years.

Divestiture of Ramstore Macedonia DOO [Ramstore Macedonia]

By our Company's public disclosure dated 01 February 2021, it was disclosed that re-evaluation was being undertaken for Ramstore Macedonia DOO ("Ramstore Macedonia"), our subsidiary engaged in shopping mall management and retailing in North Macedonia, in line with our Company's growth targets as well as our strategic focus in markets where we operate.

By our Company's public disclosure on 10 March 2021, it was stated that the share purchase agreement was executed for the transfer of 100% of the shares in our dormant subsidiary Ramstore Bulgaria EAD ("Ramstore Bulgaria") that holds 99% of the shares in Ramstore Macedonia to CITY PLAZA DOO Skopje for EUR 39,161,132 excluding taxes.

As stated in our material event disclosure on 29 March 2021, the share transfer in question was completed and the transaction amount was collected in full. Hence, our Company no longer has any stake in Ramstore Bulgaria EAD and Ramstore Macedonia DOO.

The amount derived on the disposal of our subsidiary was used for deleveraging of the Company.

Domestic Subsidiaries and Affiliates

Migros holds 80% stake in MoneyPay Ödeme ve Elektronik Para Hizmetleri A.Ş. [MoneyPay], which is engaged in payment and electronic money transfer services, and 25% stake in Paket Lojistik ve Teknoloji A.Ş., which is engaged in logistics services.

At the Extraordinary General Assembly Meeting of MoneyPay convened on 20 December 2021, it was decided to increase the paid-in capital of our subsidiary from TL 10,000,000 to TL 50,000,000. In this framework, our Company's all new share purchase rights were exercised, and our Company participated in MoneyPay's capital increase with TL 73,594,400 in total, which is the sum of TL 32,000,000 in capital amount and TL 41,594,400 in emission premiums. Our Company still holds 80% stake in MoneyPay.

Incorporation of a Food Retailing Media Asset Company

A new media company, which is called Mimedya Medya Platform A.Ş., was established on 22 June 2021 in order to make our Company's media assets available to all advertisers more effectively and to reveal the actual potential of our data-driven marketing activities. The said company is a wholly-owned subsidiary of Migros Ticaret A.Ş. and its founding capital is TL 1,500,000.

Establishment of a New Subsidiary for Online Sales Channels

In order to meet the evolving and diversified demands of our customers in online food retail and similar business lines and to accelerate the development of our Company's online channels, it was decided to flourish these business lines under a separate company structure. Accordingly, a new company with the name "Dijital Platform Gıda Hizmetleri A.Ş." was established, which is a wholly-owned subsidiary of our Company. The founding capital of the said company is TL 10,000,000, which was fully paid-in.

Redemption of FX Indebtedness

In 2021, Migros paid off its Euro indebtedness that it had been long carrying on its balance sheet and that was gradually reduced in recent years. Moreover, while the Company's net debt/EBITDA ratio and balance sheet kept improving, the Company succeeded in reaching a net cash position excluding the TFRS 16 impact as of 30 September 2021.

BOARD OF DIRECTORS REPORT

Issuance of Corporate Bond

The Company has floating-rate debt instruments [corporate bonds] that it has issued through sales to qualified investors in Turkey.

Bond Issuance – June 2021

The sales of the Company's bonds with ISIN code TRSMGTI62319 with a nominal value of TL 300,000,000.- and a maturity of 23 June 2023 was completed on 24 June 2021. The floating-rate bonds have an additional return rate of 1.75% based on TLREF index.

The details of the bond issuances carried out on different dates since July 2018 are presented below.

Total amount of corporate bonds issued by the Company to date added up to TL 1,146 million. Out of these bonds, the bonds with the ISIN code TRSMGTI72011 for the amount of TL 75 million, the bonds with the ISIN code TRSMGTI72110 for the amount of TL 75 million, the bonds with the ISIN code TRSMGTIE2015 for the amount of TL 46 million, the bonds with the ISIN code TRSMGTI22115 for the amount of TL 200 million, and the bonds with the ISIN code TRSMGTIA2118 for the amount of TL 200 million were redeemed upon the principal amount payments made.

ISIN Code	Amount Issued [TL]	Date of Issue	Maturity	Term [Number of Days]	Number of Coupons	Number of Paid Coupons*
TRSMGTI72011	75,000,000	19.07.2018	16.07.2020	728	8	8/8
TRSMGTI72110	75,000,000	19.07.2018	14.07.2021	1,091	12	12/12
TRSMGTIE2015	46,000,000	24.10.2018	21.10.2020	728	8	8/8
TRSMGTI22115	200,000,000	27.02.2019	24.02.2021	728	8	8/8
TRSMGTIA2118	200,000,000	23.12.2019	20.12.2021	728	8	8/8
TRSMGTI62228	150,000,000	10.06.2020	08.06.2022	728	8	7/8
TRSMGTI62220	100,000,000	10.06.2020	08.06.2022	728	8	7/8
TRSMGTI62319	300,000,000	25.06.2021	23.06.2023	728	8	2/8

* As of 11 March 2022

Fitch Ratings Assigned Migros the Highest Rating

On 27 July 2021, international rating agency Fitch Ratings upgraded Migros' national long-term rating from 'AA[tur]' to 'AAA[tur]', the highest grade, assigning it a "stable" outlook.

In its statement dated 09 December 2021, Fitch Ratings announced that our Company's national long-term rating was reviewed and affirmed as 'AAA [tur]' with its outlook also affirmed as "stable".

JCR-ER Rating

In its statement dated 23 June 2021, international credit rating agency JCR Eurasia Rating [JCR-ER] has assigned Migros a Long-Term National Scale of "AA+ [Trk]", Short-Term National Scale of "A-1+ [Trk]", Long-Term International Ratings of "BB" and Short-Term International Ratings as "B". The rating outlooks are Stable.

Competition Authority Investigation

In our Company's public disclosure on 20 October 2021, it was stated that, with regard to the Turkish Competition Authority's investigation on pricing behaviors of supermarket chains and their manufacturer and wholesaler suppliers operating in the sectors of food retail and cleaning materials during the COVID-19 pandemic, our Company would attend the oral hearing on 27 October 2021 in order to defend itself against all claims brought by the Competition Authority.

The announcement published on the Competition Authority's official website and the final decision notification declared to our Company, in summary, stated that the Competition Board's decision dated 28 October 2021 numbered 21-53/747-360 resolved that;

- our Company and some other entities violated Article 4 of the Law no. 4054 on the Protection of Competition ("the Law"),
- thus, it was decided to impose on our Company a monetary fine of TL 517,672,762.75, corresponding to 1.8% of our Company's annual gross revenue accrued in 2020 fiscal year and established by the Competition Board, as per the third paragraph of Article 16 of the Law and Articles 5[1][a], 5[2], 5[3][a] and 7[1] of the Regulation on Fines to Apply in cases of Agreements, Concerted Practices and Decisions Limiting Competition, and Abuse of Dominant Position.

The decision could be challenged before the Ankara Administrative Courts within 60 days upon service of the reasoned decision.

In our Company's public disclosure dated 17 January 2022, it was stated that the Competition Authority's reasoned decision was served on our Company and that our Company would pay the aforementioned monetary fine within 30 days benefiting from the 25% early payment discount and would therefore pay TL 388,254,572.06, without prejudice to our rights of objection and litigation. The said amount was paid by our Company, and a provision has been set aside in the Company's 2021 financial statements for the administrative fine in question.

On the other hand, as publicly disclosed before, our Company strongly refuses the claims brought against it in the decision announced. Accordingly, an annulment action requesting stay of execution was filed on 25 February 2022.

Financial Structure

In 2021, consolidated sales of Migros went up by 26.0% to TL 36.3 billion. The Company's online sales augmented by 87% as compared with the previous year, and accounted for 15.5% [excluding tobacco and alcoholic products] of total sales.

Migros generated a solid free cash flow once again in 2021. On the other hand, the Company focused on keeping operational expenses under control and on reducing foreign currency indebtedness. In 2021, the Company booked a consolidated EBITDA of TL 3,055 million with an 8.4% margin.

The strong operational performance of Migros required the Company's projections to be revised upwards during the reporting period. In 2021, the Company achieved all the targets it had set for sales growth, EBITDA margin, new store openings and capital expenditure.

In 2021, Migros fully paid off its Euro indebtedness. Moving to a net cash position during the reporting period, the Company recorded a net cash of TL 660 million in 2021 and the Company's Net Cash/EBITDA ratio for 2021 was registered as 0.3x [excluding TFRS 16 impact]. In 2021, Migros booked TL 359 million in net profit.

Sincerely,

Migros Ticaret A.Ş.

BOARD OF DIRECTORS REPORT



Kerim Tatıcı
CIO [Chief
Information
Officer]

**Mustafa Murat
Bartın**
COO [Chief
Operations
Officer]

**Ekmel Nuri
Baydur**
CMO [Chief
Marketing Officer]

Ö. Özgür Tort
Board Member
and CEO

**Olcay Yılmaz
Nomak**
CHRO [Chief
Marketing Officer]

**Hakan Şevki
Tuncer**
CPO [Chief
Expansion &
Property Officer]

Bülent Kuntay
CSCO [Chief
Supply Chain &
Logistics Officer]

Tarık Karlıdağ
CCO [Chief
Construction
Officer]

Ferit Cem Doğan
CFO [Chief
Finance Officer]

Senior Management

Ö. Özgür Tort Board Member and CEO

Ö. Özgür Tort joined the Business Development Department of Migros in 1996 and went on to lead, in chronological order, Project Management, International Investments Coordination and Customer Relationship Management [CRM]. In 2002 he was posted as Chief Operations Officer of Ramstore retail operations in Russia where he stayed for the next four years before returning to Migros, Turkey as Chief Human Resources Officer in 2006. In 2008 Ö. Özgür Tort was appointed Chief Executive Officer of Migros and has served in this role ever since. In addition, since 2013 Ö. Özgür Tort has been a board member of the Consumer Goods Forum [CGF], a global organization formed by the world's leading retailers and manufacturers. In 2019 he was appointed Co-Chair [retail] of the CGF. On the national level, Ö. Özgür Tort is the Vice Co-Chair of Food Retailers Association [GPD] and board member of the Turkish Federation of Shopping Centers and Retailers [TAMPF]. In 2020, Tort became a board member of both GS1 Global

and GS1 Turkey. Tort graduated from Istanbul Technical University with a BSc in Industrial Engineering and in addition holds an MS degree in Engineering Management from Missouri University of Science and Technology. He is currently working on his doctoral thesis in the same academic field at Marmara University. Ömer Özgür Tort is also the Chairman of Migros' subsidiaries MoneyPay Ödeme ve Elektronik Para Hizmetleri A.Ş., Mimedya Medya Platform A.Ş. and Dijital Platform Gıda Hizmetleri A.Ş.

Mustafa Murat Bartın COO [Chief Operations Officer]

Mustafa Murat Bartın, born in 1974, graduated from Middle East Technical University, department of Industrial Engineering. He started his professional career at Migros as an Industrial Engineer at R&D in 1995, and worked as Business Development Expert, R&D and Planning Project Leader, Marketing Manager of Migros Online. Between 2000 and 2009 he worked for Hewlett-Packard Turkey and held positions as E-Business Sales Manager, Pre-Sales Service Manager, Business Development Manager, Sales Manager, Consultant and Integration Country Manager respectively. He joined Migros as Information Technology

and Business Development Director in 2009, and he was appointed as Chief Alternative Sales Channels Officer responsible from International operations, Wholesales and Online Retail Operations between 2015-2018; Chief Large Format & Online Retail Officer between 2018-2020. Bartın has been Chief Operations Officer since July 2020. Mustafa Murat Bartın holds seats in Board of Directors of Migros' subsidiaries as Vice Chairman at Paket Lojistik ve Teknoloji A.Ş. and Member at Dijital Platform Gıda Hizmetleri A.Ş. He is married and has two children.

Ekmel Nuri Baydur
CMO [Chief Marketing Officer]

Ekmel Nuri Baydur, born in 1968, graduated from Marmara University, faculty of Business Administration. He started his professional career at Yapı Kredi Bank as a Product Manager in 1992. He joined Migros Ticaret A.Ş. in 1995. He held positions as Marketing Specialist and Marketing Manager in various categories in Dry Grocery Marketing. He was appointed as Marketing Group Manager for Fruit and Vegetables in 2002. Between 2011 and 2021 he served as Fruits, Vegetables and Meat Marketing Group Manager and Fruits, Vegetables and Meat Marketing Director respectively; and also became responsible for management of Meat Production Facility. Baydur has been Chief Marketing Officer since February 2021. Ekmel Nuri Baydur is also the Member of Board of Directors of Migros' subsidiaries Mimeda Medya Platform A.Ş. and Dijital Platform Gıda Hizmetleri A.Ş. He is married and has three children.

Hakan Şevki Tuncer
CPO [Chief Expansion & Property Officer]

Hakan Şevki Tuncer, born in 1963, completed his undergraduate education at the 9 Eylül University, Faculty of Economics and Administrative Sciences, Department of Labor Economics and Industrial Relations. He began his career in Migros working as Assistant Store Manager between 1988 and 1989 and was then promoted to Store Manager in 1989, a position he held until 1991. From 1991 to 1996 he worked as Regional Sales Manager and then from 1997 to 2005 as District Manager. Between 2005 and 2007 he held the post of Assistant General Manager of Ramenka, Moscow before moving on to Enka TC Moscow where he also worked the Assistant General Manager until 2008. He worked as Assistant General Manager of Migros responsible for Store Operations in Migros between 2008 and 2010. Between 2011 - 2015, Tuncer worked as Chief Operating Officer responsible for store operations, including expansion and store management for TansAŞ operations. And Since May 2015 he has working as Chief Expansion and Property Officer. He is married and has one child.

Tarık Karlıdağ
CCO [Chief Construction Officer]

Tarık Karlıdağ, born in 1963, completed his undergraduate studies at the Marine Engineering Department in the Maritime Faculty [Y.D.O.] of Istanbul Technical University. Between 1984 and 1990 he worked in three different companies: D.B. Deniz Nakliyat, Aksay and Genel Denizcilik. He began his Migros career in 1990 as a Technical Services Supervisor and then served as Construction Assistant Manager, Technical Services Manager, Construction Group Manager and Construction Director successively. Since January 2014 Karlıdağ has been working as the company's Chief Construction Officer. He is married and has two children.

Bülent Kuntay
CSCO [Chief Supply Chain & Logistics Officer]

Bülent Kuntay, born in 1966, graduated from Ege University, Department of Food Engineering. He started his career in Migros as Store Management Trainee in 1990. He worked as Assistant Store Manager, Store Manager, İzmir Operating Assistant Manager, İzmir Operating Manager, Supply Chain and Logistics Director [Russia], Distribution Centers Manager, Supply Chain Group Manager, Supply Chain and Logistics Group Manager respectively. He was appointed as Supply Chain and Logistics Director in 2013. Since January 2019, Kuntay has been working as the company's Chief Supply Chain & Logistics Officer. He is married and has two children.

Kerim Tatlıcı
CIO [Chief Information Officer]

Kerim Tatlıcı, born in 1969, graduated from Istanbul Technical University, faculty of Mathematics Engineering. He completed an MBA program at Koç University. He started his professional career as Assistant Manager of Store Automation in 1993. He worked as the Central Automation Manager between 1999-2002, the Software Development and Implementation Manager between 2002 and 2005, the Information Technology Manager between 2005 and 2011; and the Information Technology Group Manager between 2011 and 2014. In 2014, he was appointed as Information Technology and Business Development Director. Since January 2019, he has been working as the company's Chief Information Officer. Kerim Tatlıcı is also the Member of Board of Directors of Migros' subsidiaries MoneyPay Ödeme ve Elektronik Para Hizmetleri A.Ş., Mimeda Medya Platform A.Ş. ve Dijital Platform Gıda Hizmetleri A.Ş. and Member at Paket Lojistik ve Teknoloji A.Ş. He is married and has two children.

Olcay Yılmaz Nomak
CHRO [Chief Marketing Officer]

Olcay Yılmaz, born in 1975, completed her undergraduate studies at Yıldız Technical University, Faculty of Industrial Engineering in 1996. She started her professional career at Eczacıbaşı Karo Seramik as Production Planning Specialist, in 1996. Yılmaz joined Migros Group in 1998, as an Industrial Engineer at R&D and Planning department. Between 2001 and 2005 she worked as Project Group Associate and Group Leader at Project Management Department. She was appointed as HR Planning and System Development Manager in 2005. Between 2010 and 2018 she worked as HR Planning and Recruitment Manager, Human Resources Group Manager and Human Resources Director respectively. In February 2019, she took on her current position as Chief Human Resource Officer, responsible for Human Resources, Training and Industrial Relations. She led several HR functions as recruitment, employer branding, training and development, talent management, compensation, planning and system development during her Migros career. Olcay Yılmaz Nomak is also the Member of Board of Directors of Migros' subsidiary MoneyPay Ödeme ve Elektronik Para Hizmetleri A.Ş. She is married and has one child.

Ferit Cem Doğan
CFO [Chief Finance Officer]

Ferit Cem Doğan, born in 1969, graduated from Middle East Technical University, Faculty of Economics in 1991. Following his graduate studies in Department of Economics at University of Oslo, Norway, he started his career at Philip Morris Corporate Services, Zurich, Switzerland as a Senior International Auditor in 1995. From 2001 to 2006, he held the positions at Kraft Foods as Internal Controls & Projects Manager, London, UK; Financial Controller, Dubai, UAE; Finance Manager, Bremen, Germany. He worked at Emaar Properties as Chief Finance Officer between 2006 - 2008. He has been with Migros Ticaret A.Ş. since 2009 as Finance Director. In February 2019, he took on his current position as Chief Finance Officer. Ferit Cem Doğan holds seats in Board of Directors of Migros' subsidiaries as Vice Chairman at MoneyPay Ödeme ve Elektronik Para Hizmetleri A.Ş., Mimeda Medya Platform A.Ş. ve Dijital Platform Gıda Hizmetleri A.Ş. and Member at Paket Lojistik ve Teknoloji A.Ş. He is married and has two children.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

Migros Ticaret A.Ş. ("Migros", "the Company", "our Company")

Address	Atatürk Mah. Turgut Özal Bulvarı No: 7 34758 Ataşehir / İstanbul
Trade Registry No.	659896
Mersis [Central Registration System] No.	0622052951300016
Phone	+90 216 579 30 00
Customer Care Line	444 10 44

For renewal of its corporate governance rating, our Company signed a new agreement covering its second rating period on 15 October 2021 with SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. ("SAHA"), which is authorized to carry out rating in Turkey

in accordance with the CMB's Corporate Governance Principles.

Our Company's Corporate Governance Rating, which was determined as 9.67 [96.69] on 28 December 2020, was affirmed as 9.67 [96.69] by SAHA on 28 December 2021.

The individual scores assigned for each heading to our Company are presented below:

Headings	Weight	Assigned Score [%]
Shareholders	25%	95.83
Public Disclosure and Transparency	25%	98.39
Stakeholders	15%	99.51
Board of Directors	35%	94.88
Average	100%	96.69

Included in Borsa İstanbul Corporate Governance Index, Migros was included in the BIST Sustainability Index from the first day the index was introduced. Migros has been in this index for eight consecutive years.

PART I - STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Migros attaches great importance to the implementation of corporate governance principles as prescribed by capital market laws and regulations, the Turkish Commercial Code, and other regulatory requirements. Migros is aware of the benefits that the implementation of these principles will have for the Company, for its shareholders, and ultimately for the country as a whole. Our corporate

governance practices are constantly being reviewed and improvements are made in them where necessary both so that we may be in compliance with Corporate Governance Principles Communiqué II-17.1 and so that we may be an exemplary company on such issues.

Our Company has adopted the main principles of Corporate Governance which are:

- a) Fairness
- b) Transparency
- c) Responsibility
- d) Accountability.

A corporate governance committee was formed within the Board of Directors in 2007 and charged with overseeing corporate governance matters throughout the Company and with supervising the Investor Relations Department. Capital market laws and regulations mandate that a corporate governance committee be set up and that its head be chosen from among the Company's independent board members.

In a Board resolution passed on 27 May 2021, Hüseyin Faik Açıkalın, Esel Yıldız Çekin, Recep Yılmaz Argüden, Mehmet Hürşit Zorlu and Affan Nomak were elected to seats on the Corporate Governance Committee. Independent Board member Hüseyin Faik Açıkalın functions as the Committee Chairman.

Our corporate website (www.migroskurumsal.com) is regularly updated in order to provide information on the Company to our shareholders. In addition, dedicated websites are available on each of our Company's formats for the information of the general public and our stakeholders. In addition to forming a part of its annual report, Migros' corporate governance principles compliance report may also be found in the "Investor Relations" section of its corporate website and on the Migros page of the Public Disclosure Platform [KAP].

Within the scope of the efforts to achieve alignment with corporate governance principles in 2021;

The most recent version of the Company's articles of association that are in conformity with the Turkish Commercial Code and the Capital Market Law are posted on the corporate website (www.migroskurumsal.com) and on KAP.

As required by the Capital Markets Law's communique's stipulation that announcements about general assembly meetings must be made at least three weeks before the meeting date, our Company's general assembly meeting was duly announced three weeks in advance of the date on which it was to be convened. A general assembly meeting information document containing information about such issues as Board members' résumés, the Board of Directors' profit distribution proposal and profit distribution table, reasons for proposal against profit distribution if applicable, etc. is also made available to shareholders on the corporate website at www.migroskurumsal.com, the Electronic General Assembly System of the Central Registry Agency, KAP and other required media.

In compliance with the Turkish Commercial Code, with capital market laws and regulations, and with corporate governance principles communiques, the Board of Directors has set up an Early Detection

of Risk Committee. Şevki Acuner, Hüseyin Faik Açıkalın and Tuğban İzzet Aksoy were elected to be the members of the Early Detection of Risk Committee. As required by CMB regulations, independent board member Şevki Acuner was elected to its head.

Our Company is a member of the Investor Relations Association [TÜYİD] and the Corporate Governance Association of Turkey [TKYD].

PART II - SHAREHOLDERS

2. 1 Investor Relations

The Investor Relations Department was set up under the responsibility of the assistant general manager for finance. The Investor Relations Department acts in compliance with the requirements of Turkish Commercial Code, capital market laws and regulations and with CMB regulations, communiques, and principles in the conduct of its activities. The Investor Relations Department is actively involved in making it easy for shareholders to protect and exercise their rights, including but not limited to, their rights to obtain information and to examine the Company's records.

- The main duties and responsibilities of the Investor Relations Department are as follows:
- Manage general assembly meeting-related matters in compliance with the requirements of laws and regulations and of the Company's articles of association;
- Conduct matters related to share capital increases;
- Conduct matters related to dividend payments;
- Represent the Company;
- Represent the Company before such agencies as the Capital Markets Board [CMB], Borsa İstanbul, the Central Registry Agency [MKK], and Takasbank and liaise with them;
- Maintain records pertaining to the Board of Directors, to committees set up within the board, and to general assembly meetings;
- Provide the Public Disclosure Platform with information about material events as required by the Public Disclosure Communique [VII-128.6], the Material Events Communique [II-15.1], and other pertinent regulatory requirements;
- Keep track of all matters related to public disclosures covered by the Company's public disclosure policy;
- Prepare documents that may be useful to shareholders at general assembly meetings and ensure that shareholders have easy access to these documents;
- Keep track of the requirements of laws and regulations and of CMB legislation;
- Inform senior management of matters and issues with which the Company must be in compliance;
- Prepare the Company's quarterly and annual reports;
- Coordinate efforts and activities related to Corporate Governance in harmony with the Corporate Governance Committee;
- Prepare quarterly and annual informational presentations and bulletins;
- Provide investment banks/brokerage analysts, fund managers, shareholders, and other stakeholders with information about the Company to the extent allowed by the Company's disclosure policy;
- Propose changes to keep the articles of association in compliance with current laws and regulations;

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

- Maintain regular and up-to-date records of all communication with investors;
- Keep abreast of and analyze information about competitors and the sector;
- Respond to shareholders' queries and requests for information to the extent allowed by the Company's disclosure policy;
- Have shareholders' paper-form securities dematerialized;
- Contribute to the initiatives and efforts regarding sustainability.
- Coordinate the changes and developments in relation to Borsa İstanbul Corporate Governance and Sustainability Indices, in which the Company is included,
- Handle the processes related to the Company's corporate bond issuances,

The Investor Relations Department frequently prepares and submits to the Board of Directors a report of its most recent activities.

Additionally, the Corporate Governance Committee makes quarterly presentations on the Company's corporate governance practices and investor relations activities.

All shareholders who wish to obtain information about the Company may submit their requests by email to yatirimci@migros.com.tr and/or by calling +90 850 200 4000 Customer Service Line and +90 579 3405. All other channels of communication are also available to shareholders.

Member of the Executive Committee [CFO]: Ferit Cem Doğan

Email: cemdo@migros.com.tr

Investor Relations and Risk Management Director: Dr. Affan Nomak

Email: affann@migros.com.tr

Capital Market Activities Level 3 License No: 204627

Corporate Governance Rating Specialist License No: 700482

Investor Relations and Corporate Compliance Manager: Ahmet Hüsamettin Özkök

Email: ahmeto@migros.com.tr

Capital Market Activities Level 3 License No: 209815

Corporate Governance Rating Specialist License No: 702068

The activities of the Company in 2021 are itemized below.

- Teleconferences conducted during the year: 5
- Investor presentations concerning the Company's financial results: 4
- Financial press releases concerning the Company's financial results: 4
- Material event disclosures sent to the Public Disclosure Platform: 99
- Board of Directors resolutions passed: 28
- Domestic and international conferences and roadshows taken part in: 17
- Analysts and fund managers met with during the year: 250+

2.2 Shareholders' Rights to Information Disclosure

Informing

The Investor Relations Department endeavors to respond to requests for information about the Company that it receives as quickly as possible and without making any distinctions among shareholders. Mindful of shareholders' right to be informed and of their right to

have simultaneous, convenient access to information, announcements about the Company are also published on the Company's corporate website.

Immediately after each announcement of the Company's quarterly results, teleconferences concerning the investor presentation published on our website were conducted. During these teleconferences, detailed information was provided about the presentation.

The shareholders' right to receive and review information as stipulated by the law is not eliminated or restricted neither by any provision contained in the Company's articles of association, nor by any practice based on the Company management's decision.

Auditing

At the meeting of the Board of Directors of Migros, held on 24 March 2021, it was decided according to the proposal by our Audit Committee that DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. be elected as the independent audit company for the 2021 fiscal year. This decision was submitted to the General Assembly for approval, according to the Board's resolution.

The Migros general assembly of shareholders voted to approve, as the Company's independent auditor for 2021, DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., which had been selected by the Board of Directors.

A two-member Audit Committee has been formed by the Board of Directors of Migros. Under article 4.5.3 of the CMB's "Communiqué concerning corporate governance principles [II-17.1]", all of the members of the Audit Committee must be selected from among the Company's independent board members.

At a meeting of the Board of Directors on 27 May 2021, a resolution was passed to reconstitute the Audit Committee as

a two-person body whose members are both independent board members and İzzet Karaca and Şevki Acuner were elected to fill these seats. As also required by Capital Markets Board regulations, İzzet Karaca was designated as the committee's chairman.

The Company's articles of association contain no provisions that complicate the conduct of a special audit. The Company management avoids undertaking any transaction that would complicate the execution of a special audit. No requests for performance of a special audit at the Company have been received during the reporting period.

The internal audit activities of the Company are discussed in the relevant sections of the Corporate Governance Principles Compliance Report.

2.3 General Assembly Meetings

Attention is given to covering all issues whose discussion is statutorily mandated when determining items for the agendas of general assembly meetings. Care is taken to use a lucid language in the General Assembly agenda and to state each proposal under a dedicated heading. General assembly meeting announcements are published in the Turkish Trade Registry Gazette, on the Public Disclosure Platform [KAP], on the Central Registry Agency's [MKK] electronic general assembly portal [e-GAM] and e-Company portal, and on the Company's corporate website so as to give all shareholders convenient access to these announcements. Additionally, a general assembly meeting information document containing detailed information about agenda items that are to be discussed at the meeting is also published on the Company's corporate website at www.migroskurumsal.com, on the KAP, the electronic General Assembly System [e-GAM] and e-Company portal.

General assembly meetings are held physically at the Company's headquarters

[Atatürk Mahallesi, Turgut Özal Bulvarı No: 7, 34758 Ataşehir, İstanbul] and are simultaneously conducted electronically through the electronic general assembly system. General assembly meetings are open to all stakeholders and are attended by media representatives.

Company officers responsible for the preparation of financial statements and a representative of the independent auditor attended the general assembly meeting so as to provide such information as might be needed and to respond to any questions.

A separate item concerning charitable donations provided during the year is included in general assembly meeting agendas and shareholders are provided with information about them.

Annual General Assembly Meeting

The annual general assembly meeting at which Migros' 2020 activities and accounts were examined took place on 26 May 2021 at 14:00 at the Company's head office building located at the address of Atatürk Mahallesi, Turgut Özal Bulvarı No: 7, 34758 Ataşehir, İstanbul and it was also simultaneously conducted electronically through the MKK's e-GAM. The meeting was observed by ministry representative Şafak Yerli, who had been charged with this duty by İstanbul Trade Directorate letter E-64159723 dated 25 May 2021.

2020 balance sheet and income statement, the Board of Directors' annual report, independent auditors' report, and proposal for the distribution of the year's dividends were made available for the examination of shareholders at the Company's headquarters, on its corporate website at www.migroskurumsal.com, and on the electronic general assembly portal during the three weeks preceding the meeting.

An examination of the attendants list showed that 11,483,170,200.5 shares out of a possible 18,105,423,300

corresponding to TL 114,831,702.005 of the Company's TL 181,054,233 in capital were represented at the meeting.

Immediately after the meeting, its minutes and attendants list were reported to the Public Disclosure Platform and were also published under the "Information about general assembly meetings" heading of its corporate website at www.migroskurumsal.com. Additionally, the general assembly meeting's minutes were also promulgated in issue 10340 of the Turkish Trade Registry Gazette on 2 June 2021. Prior to the meeting, no shareholders submitted any proposals for items to be included in the meeting's agenda.

The total amount of charitable donations and aids made during the reporting period have been presented for the information of shareholders at the Company's Annual Ordinary General Assembly Meeting. In 2020, the Company's charitable donations to organizations and campaigns including Biz Bize Yeteriz Türkiyem Aid Campaign, Anadolu Education and Social Assistance Foundation, Koç University, Turkish Red Crescent, Turkish Education Foundation, Aegean Forest Foundation, Educational Volunteers Foundation of Turkey, TEMA Foundation and DenizTemiz - TURMEPA etc. amounted to TL 1,805,848.32.

Under the CMB Corporate Governance Communiqué App. 1, principle no. 1.3.6, shareholders were informed that there were no material transactions carried out in 2020, which were of the nature mentioned in the said principle.

The decisions passed at the 2020 Ordinary General Assembly Meeting have been carried out.

2.4 Voting Rights and Minority Rights

As is stipulated in Migros' articles of association, there are no special voting rights at the Company. All votes are of equal weight. Every shareholder at a general assembly meeting is entitled

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

to cast as many votes as the number of shares that they hold. There are no shareholders with cross-shareholding interests. The articles of association provide for no special privileges and/or similar rights with respect to representation on the Board of Directors. Four of the twelve members of the Board of Directors are independent members.

The Company avoids engaging in any and all manner of practices that might obstruct the exercise of shareholders' voting rights and takes maximum care to make sure that the Company's minority rights are exercised in view of the applicable legislation and the provisions of the articles of association.

Those who are entitled to cast votes at general assembly meetings may exercise those rights personally and they may also designate a proxy, who may or may not be a shareholder themselves, to do so on their behalf. A specimen of the proxy statement for shareholders not personally attending a meeting is posted at the Company's headquarters, on its corporate website (www.migroskurumsal.com), and at the Public Disclosure Platform (KAP) and the MKK's e-GAM portal and is also published in the Turkish Trade Registry Gazette along with the general assembly meeting summons.

Voting on agenda items at general assembly meetings is by an open show of hands by shareholders who are physically present; electronic voting is provided for shareholders who are attending meetings

in an electronic environment. Once voting has been completed, the results of physically cast and electronically cast votes are consolidated in the e-GAM.

2.5 Dividend Rights

There are no privileges regarding participation in the Company's profit. Profits are distributed within statutorily prescribed periods of time and as soon as possible after a general assembly meeting has taken place. The actual payment dates are determined by the general assembly.

Payment of dividends has always been an important matter for Migros, which always aimed to protect the interests of its shareholders. The utmost attention is given to the fine balance between the growth strategy and dividend payment policy.

Dividend Policy

"Taking the Company's long-term strategies, investments, financing plans, and profitability as well as compliance with CMB communiqués and regulations into account, the Board of Directors may submit, for the approval of the general assembly, a proposal that a portion—such as may be determined by the board—of current-year profit be paid out as cash, or as bonus shares, or as a specific mix of these two or else that it be retained within the Company."

When a general assembly decides to distribute profits it may itself determine when the dividends are to be paid and

similarly it may also authorize the Board of Directors to make such a determination. In all cases, the payment of dividends must begin no later than the end of the fiscal year in which was held the general assembly meeting at which the decision to pay them was taken. Matters related to dividend payments specified in the Capital Markets Law and in CMB communiqués must also be complied with.

There are no shares in the Company that are entitled to special dividend rights; neither is there anyone who is entitled to a share of company profits who is not a shareholder."

At the Annual General Assembly Meeting of Migros held on 26 May 2021, it was submitted not to distribute dividend for 2020 fiscal year as the company recorded net loss in the 2020 consolidated financial statements prepared in accordance with the Turkish Commercial Code and CMB legislation.

2.6 Transfer of Shares

The Company's articles of association contain no provisions restricting the transfer of its shares. Transfers of the Company's shares are subject to the provisions of the Turkish Commercial Code and of capital market laws and regulations. Subject to the satisfaction of specific conditions, the Company may acquire its own shares and accept them as collateral.

The Company's capital structure as of 31 December 2021 is as follows:

Migros Ticaret A.Ş. Shareholder Structure

Shareholder	Share [%]	Share Amount [TL]
MH Perakendecilik ve Ticaret A.Ş.	89,046,058	49.18
Others	89,046,059	49.18
Migros Ticaret A.Ş.	2,962,116	1.64
Total	181,054,233	100.00

PART III - PUBLIC DISCLOSURE AND TRANSPARENCY

3.1 The corporate Website and Its Content

Any and all manner of information and announcements that might have an impact on the exercise of shareholders' rights is made available to shareholders on an up-to-date basis via the corporate website. The website addresses all of the matters set forth in Corporate Governance Principles.

The Company has a dedicated website for each one of its formats. Our corporate website contains the following sections and their associated sub-sections:

About Us

Investor Relations

Sustainability

Media

Career

Contact Us

Besides addressing the matters set forth in section 2.1 ("Corporate Website") of CMB Corporate Governance Communiqué II-17.1, the Migros corporate website also contains information about many other subjects.

The Investor Relations section of our corporate website covers the main headings of "Corporate", "Financial Information", "General Assembly", "Contact Us" and "Frequently Asked Questions". Our investors can find more detailed information about Migros in the subsections under these main headings. Our "Investor Relations" page is updated as circumstances warrant and as required by law. Every effort is made to make such information easily accessible to stakeholders.

The corporate website also contains trade registry information and the shareholding structure in Turkish and English as required by law.

In addition, the Company's "Privacy and Data Security Policy" is also available at our corporate website. The Policy is intended to clarify the types of data we collect, the reasons and methods of data collection, the purposes such data are used for, and the steps taken to ensure their security.

3.2 Annual Report

The annual report is prepared in such a way as to contain all of the matters specified in the Turkish Commercial Code, in "Regulations concerning the determination of minimum content in companies' annual reports" [published in issue 28395 of Official Gazette on 28 August 2012], and in the corporate governance principles set forth in the appendix to CMB Corporate Governance Communiqué II-17.1. As so required, the Board of Directors has an annual report prepared that provides the public with complete and truthful information about the Company's activities.

The following information is provided under the "Board of Directors" heading of the corporate governance principles compliance report section of the annual report: statements pertaining to information about members of the Board of Directors, to duties that executives undertake outside the Company, and to the independence of independent members; information pertaining to committees set up within the Board of Directors that includes their working principles, members, frequency of meetings, and performance along with the board's assessments of the committees' effectiveness; information pertaining to the number of Board of Directors meetings held during the year and members' attendance at them.

The corporate governance principles compliance report also contains, in appropriate sections, information about: changes in the legal framework that may significantly affect the Company's activities; significant lawsuits filed against the Company and their potential consequences; conflicts of interest between the Company and those from

which it obtains investment advisory, rating, and similar services along with measures taken by the Company to preclude such conflicts; cross-shareholding interests that involve more than a 5% capital stake; information about corporate social responsibility issues including employee rights, professional/occupational training, and other company activities that have social and/or environmental consequences.

PART IV - STAKEHOLDERS

4.1 Informing Stakeholders

Migros corporate governance practices observe stakeholders' rights as embodied in laws and regulations and in its contractual agreements. The Company keeps stakeholders informed about issues that may be of concern to them through a variety of communication channels including, but not limited to, its corporate website at www.migroskurumsal.com. Policies and procedures concerning stakeholders' rights (Anti-Bribery and Anti-Corruption Policy, Compensation Policy, Responsible Supplier Policy, etc.) are posted on the corporate website. Company employees, shareholders, and other individuals and entities with which the Company has a shareholding and/or business relationship may submit suggestions and complaints about such issues directly to company executives. All such submissions are considered and responded to as circumstances require.

Migros publishes the names and contact information of the department heads of the Company on its corporate website (www.migroskurumsal.com) thus making it possible for stakeholders to directly contact the manager overseeing a particular issue and direct their questions and opinions to the relevant person firsthand. The objective of this model is to allow for the establishment of a more transparent and effective communications model between the Company and its stakeholders.

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Necessary mechanisms have been set up to let stakeholders report any violations of laws and regulations by the Company and any involvement by the Company in dealings that may be unethical, if applicable. Stakeholders are provided with clear and explicit information about the Corporate Governance Committee, the Audit Committee, and the members of both so that they may contact these committees directly in order to report any such issues.

The Company keeps shareholders and other interested parties informed through such means as press releases and investor presentations.

The section of the Migros Code of Conduct concerning employees is presented under the title of "Rules of Ethics" and other principles are presented below:

The Responsibilities of Migros Towards Other Companies

1. Migros abides by the law in all of its activities.
2. Migros does not derive any unlawful benefit from any person or entity under any circumstances. Procurement decisions regarding goods and services are made based on well-established and publicly disclosed criteria.
3. It is important for Migros that its business partners do not damage its image and reputation and that they respect the accepted business values of the Company.
4. Migros checks and monitors the services it obtains on an ongoing basis from other organizations to ensure that they are provided in full legal compliance.
5. Migros does not share the confidential information of its suppliers with any third party without permission.

Social Responsibilities of Migros

1. Migros strives to upgrade its service standards in order to satisfy the expectations of its customers.
2. Migros seeks to set an example for the community by fulfilling all of its tax and other obligations in a complete and timely manner.
3. Migros does not make any derogatory, derisive or offensive statements about other companies, organizations, products or individuals.
4. Migros takes the utmost care in all its activities to preserve nature and historic integrity while acting in accordance with customs and traditions of the community and observing legal rules and regulations.
5. Migros stands for business ethics in its industry and strives for the establishment, dissemination and adoption of these principles.

The responsibilities of Migros Employees Towards The Company

1. Migros employees categorically reject any pecuniary or non-pecuniary incentives which may come from any third parties within their areas of responsibility.
2. Migros employees inform their immediate superiors whenever they enter into a direct business relationship with a company in which a close relative is employed or he/she is a minority or majority partner.
3. Migros employees take utmost attention and care in their duties and they make every effort to ensure that the work they perform is higher in quality, faster and more efficient.
4. Migros employees are obliged to refrain from endangering the health and safety of themselves and of other employees who are affected by their actions and their jobs in line with the occupational health and safety training they received and with the employer's relevant instructions.
5. Migros employees are obliged to operate the machinery, equipment, devices, tools, dangerous materials, transportation equipment and other production machinery in the workplace in accordance with their respective guidelines, to properly use protective equipment, not to remove and change such protective equipment arbitrarily, and to cooperate with the employer and employee representatives to assure occupational health and safety in his/her respective job area, in accordance with the employer-provided training and instructions.
6. Migros employees refrain engaging in any action or behavior which would damage the image and reputation of the Company and during work hours they comply with the generally accepted code of conduct and the dress policy of the Company.
7. Migros employees do not remain indifferent or silent in any situation which runs counter to the interests of the Company and shall notify the concerned business units.
8. Migros employees avoid waste by putting all the fixtures, tools and equipment owned by the Company to use for their intended purposes. The employees do not use the resources and facilities of the Company for their own private benefit.
9. Migros employees do not divulge any confidential or private information which they might be privy to due to their position or the work they perform outside the Company and they do not give interviews or make statements of any kind to any media organization without the prior consent of the Company management.

The responsibilities of Migros Employees Towards Other Employees

Migros employees do not share the private information regarding their co-workers they might be privy to with other third parties outside the Company. Our Company is against any and all sorts of behavior that will tarnish its employees' reputation and

honor, or that constitutes infringement of its employees' personal and employment rights; and any and all sorts of harassment [psychological harassment, mobbing, sexual harassment] that disturbs physical, psychological and social health and negatively affects the working life of our employees and our Company, and aims to develop and maintain a fair and respectful working environment for all employees.

Migros employees are obliged not to endanger the health and safety of themselves and of other employees who are affected by their actions and their jobs in line with the occupational health and safety training they received and with the employer's relevant instructions.

General Responsibilities

"The Migros Business Ethics Committee" is responsible for dealing with issues that are not addressed by the principles set forth above.

4.2 Stakeholders' Participation in the Company Management

The employees' participation in management is regulated by internal guidelines. Article 7 of "The Company's Responsibilities toward its Employees" section of the Migros Code of Conduct reads as follows: "In matters that are related to employees, Migros seeks to include the opinions of its employees as much as possible in any decision concerning the future of the Company."

Accordingly, management of Migros gives a great deal of attention towards the achievement of this goal. Stakeholders' opinions are sought in material decisions bearing impact with respect to them. As part of our business conduct, Migros employees participate in the decision-making processes concerning their respective areas of work. Migros employees have the opportunity to communicate their new ideas, proposals and demands to the senior management of the Company and Members of the Board of Directors

directly or electronically via intranet, the Company's internal communication platform.

The management body, through which our employees are represented at our stores, is the Workplace Union Representative committees. In addition to overseeing the enforcement of the provisions of the collective bargaining agreement, Workplace Union Representatives discuss the complaints and requests communicated by our employees or by our Company with the employer representatives. In addition, they are also represented in various committees such as the Occupational Health and Safety Committee on which they are members, and on committees set up for various projects.

A "Working Life Assessment Survey" is conducted every year by an independent research company in order to measure and further improve the levels of Migros employees' job satisfaction and company loyalty. The findings from the survey form the basis of new administrative decisions to be made each year.

An annual Goal-Awareness Workshop is conducted in order to ensure that the Company's targets and strategies are fairly, equally, and clearly understood by all Migros employees. Representatives attending the workshop have a direct impact on the determination of the Company's annual goals. The goals setting the main strategy of the Company are objectively deployed across all departments.

4.3 Human Resources Policy

Migros Human Resources aims to act as a strong business partner that recruits and develops the qualified, customer-oriented and differentiating human capital which will further improve the Company's leading position in the sector, and that helps achieve the goals for the entire organization.

The Company has espoused an employment policy providing equal opportunities and succession planning for all key managerial positions. The said planning is reviewed every year by the senior management.

Information about company employees' job descriptions and accountabilities and about performance and reward criteria is provided for employees' information through the Migros Human Resources Portal.

Our Principles Strategic Use of Human Resources:

The Human Resources Department of Migros places the human element on a high pedestal by giving it great strategic importance and creates awareness of its strategic value in all of domestic and overseas units of Migros. Human resources strategies are designed to create and develop a reliable, fast and proactive organizational structure to sustain the industrial leadership of Migros in a competitive business environment. Employees are considered a strategic resource for it is believed that their experience and creativity would be the driving forces in the adaptation of the Company to fast-changing competitive environment and new markets.

Superior Business Ethics and Integrity:

In all dealings with employees, the Company accepts as a fundamental principle to act fairly, in good faith and in an understanding manner abiding by the rules of law and ethics.

Occupational Safety:

Migros assures its employees that it will fulfill all of its obligations towards them, including those at all of its subsidiaries, in compliance with the relevant laws and regulations. The Company, in order to ensure the safety of its employees in the workplace, complies not only with all legal requirements and regulations stipulated

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by the Labor and Occupational Safety Law but also with the industry standards on ergonomics and improvement of the working environment. Civil defense activities, which are of great importance for our country, and theoretical and practical training are also provided in cooperation with the concerned public institutions.

Equal Opportunities:

Migros provides services to its customers both in Turkey and abroad through an employee workforce comprising of individuals coming from many different linguistic, religious and ethnic backgrounds. All human resource-related decisions from recruitment and placement to compensation are governed by job position profiles defined in detail. Through the human resource staff evaluation systems, Migros objectively monitors and assesses the competencies, skills and performances of its employees by common principles applied to all. Migros provides equal training, promotion, and career development and compensation opportunities to each of its employees based on the evaluation results through the Integrated Human Resource systems deployed by the Company.

Human Resources Management:

The management of human resources processes and relations with employees at our Company, in line with established human resources policies and principles, is the responsibility of the Assistant General Manager for Human Resources and Industrial Relations; this function is clearly defined and undertaken within the regulations and business ethics principles of the Company.

Participation and Transparency:

Managers and employees at Migros' domestic and overseas subsidiaries are the integral parts of human resources practices at Migros. Employees are updated on their roles and responsibilities regarding human resources policies and

provided with guidance in fulfilling those responsibilities.

Human resources policies and processes are shared with employees on a regular basis by means of the communications resources [intranet, e-mail, distance learning and meetings] of the Company. Employees have access to employee evaluations and are able to receive training and information on the practices and can monitor their individual results.

Assemblies are also conducted as necessary to inform and discuss with employees issues of concern to them such as the Company's financial standing, compensation, career paths, training, and health.

Competitiveness:

Migros plans and manages the professional development of its employees to help them sustain their competitiveness not only within the Company itself but also on a professional level so as to allow the contribution of positive values to the economy, environment and community.

Commitment to Shared Values:

Our Corporate Culture is based on our shared values. These values are:

1. Reliability
2. Leadership
3. Empathy
4. Customer-orientation
5. Productivity
6. Innovativeness.

Actions of employees contradicting the Company's shared values are dealt with appropriately and impartially through the warning system and disciplinary committee procedures. Conducting relations with employees at Migros is the primary function of the Industrial Relations Department. The objectives of

this Department are to ensure that all laws and regulations are fully complied with by the Company, oversee the legal and contractual rights of the employees and manage employee rights so as to maintain labor peace and fulfill all legal obligations.

Our employees who have completed one working year with our Company receive indemnity payment in cases set out by the law, and necessary financial provisions are set aside for this purpose, which are publicly disclosed in our financial statements.

4.4 Code of Ethics and Social Responsibility

The Principles of Business Ethics of Migros are grouped under the following headings:

- The responsibilities of the Company towards its employees
- The responsibilities of employees towards the Company
- The responsibilities of Migros towards other companies
- Responsibilities of the Company towards the society
- General responsibilities.

The responsibilities of the Company towards its employees and the information about the other categories of business ethics principles have been described in the various sections of this Corporate Governance Compliance Report. The Migros Code of Ethics may be accessed from the Company's corporate website at www.migroskurumsal.com.

The Company considers its employees as one of its most valuable assets in today's tough market conditions. One of our Company's greatest competitive advantages is its experience in the industry and qualities possessed and continuously improved by its employees.

The responsibilities of Migros towards its employees:

1. Migros is in full compliance of its legal obligations to its employees; in situations where the requirements of law are ambiguous, Migros consults professionals who are experts in the relevant fields.
 2. Migros protects the rights of its employees within the framework of its business ethics rules in situations where laws do not sufficiently address to.
 3. Candidates for employment, promotion and appointment are evaluated based on their qualifications; all employees are provided equal opportunity.
 4. Migros does not get involved in the personal affairs or private lives of its employees and holds all of the private information about its employees in strict confidence.
 5. Migros helps its employees to develop professionally and personally by providing them training.
 6. Migros does not discriminate on the basis of sex, age, ethnic origin or religion.
 7. In matters that are related to employees, Migros seeks to include their opinions as much as possible in any decisions that are related to the future of the Company.
 8. Migros provides hygienic and safe working conditions as dictated by the requirements of law and circumstances, and seeks to improve them to the best of its ability.
 9. Migros holds private information about its employees that it may receive through various means in strict confidentiality and does not divulge any of it (e.g. medical records, shopping habits, economic data, and the like).
- Within the framework of its ethical guidelines, Migros defines its responsibilities to society as follows.

1. Migros strives to satisfy the service quality standards that its customers expect of it.
 2. Migros seeks to fulfill its tax and other legally prescribed obligations in a complete and timely manner and to conduct itself in an exemplary manner in the public eye.
 3. Migros makes no statements that could be deemed to be condescending, sarcastic or offensive concerning other companies or organizations, goods, or individuals.
 4. Migros takes pains in the conduct of its activities to protect the natural environment, to avoid harm to the historical heritage, and to act in keeping with customs, habits, and traditions. Migros complies with the requirements of law on all such issues.
 5. Migros stands for business ethics in its industry and strives for the establishment, dissemination and adoption of these principles.
- Migros' corporate culture includes its concern for public health and hygiene, sensitivity toward identifying and satisfying societal needs, organization of and participation in exemplary educational, cultural, athletic and social activities essential for social development as well as its corporate identity as an "Honest Retailer" sensitive to the environment.
- As required by its sense of corporate social responsibility, Migros operates in compliance with laws, the rules of ethics, and respect for human rights in the conduct of all consumer-related services; fulfills the responsibilities incumbent upon it in the furtherance of registered-economy activities that give back to society by enriching national resources; contributes to formal employment through its upholding of statutorily-mandated employee rights. The Company also shares its sense of social responsibility with its social stakeholders - employees, suppliers, subsidiaries, investors and consumers and

with the public at large. Great importance is given to supporting and spreading of such pioneering and value-adding practices for the improvement of the society.

Migros is aware a good reputation can be ruined in a single blunder. Migros acts ethically and with integrity in every practice it engages in. The Company is well aware that trust cannot be won easily, and that it is a bond that grows and develops slowly over a long period of time between a company and its customers and that once broken, cannot be saved by quick fixes. Migros has been protecting the good health and rights of its customers since its inception. Many innovative practices introduced by Migros encourage good shopping habits and foster consumer awareness. These practices subsequently became industry standards and some have even been made into law.

Detailed information about the Company's social responsibility activities is provided in appropriate sections of the annual report.

PART V - BOARD OF DIRECTORS

5.1 Structure and Composition of the Board of Directors

All of the members of the Migros Board of Directors possess the qualifications required of them in article 4.3 of CMB Corporate Governance Communiqué II-17.1. All of them are professionals distinguished by virtue of their exemplary business knowledge, experience, and background.

The Board of Directors identifies strategic objectives taking into account both the requirements of laws and regulations and the Company's articles of association and internal directives. The board formulates the most appropriate balance among between growth and the issues of risk vs return in line with these objectives and, mindful of the Company's long-term interests, administers the Company

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transparently, accountably, justly, and responsibly.

The Migros Board of Directors consists of twelve members, all of whom are elected by shareholders at a general assembly meeting. The board's membership consists of non-executive board members, except Ömer Özgür Tort. Among the board members are independent members who have the ability to act with absolute impartiality in the conduct of their duties.

According to article 4.3.4 of CMB Corporate Governance Communiqué II-17.1, the number of independent board members must not be fewer than one-third of a board's total membership. When determining how many independent board members a board must have, fractions are rounded up to the nearest whole number but in no case may the number of independent board members be fewer than two. In compliance with this rule, four of the twelve members of the Migros Board of Directors are independent members.

Under the articles of association, board members serve for three-year terms at most unless a shorter term of office is specified at the general assembly meeting at which they are elected. A board member whose term of office expires may be

reelected. Shareholders assembled in a general assembly meeting may, for just cause and at any time that they deem such action to be necessary, dismiss any board member whether or not such an item is on the meeting agenda.

The Corporate Governance Committee, which performs the duties of a nomination committee at Migros, has created a pool of prospective independent board members during 2021 and the nominees have been presented in a report to the Board of Directors.

There are no binding rules governing board members, other than independent board members, undertaking duties outside the Company. However, the conditions stipulated in the Corporate Governance Communiqué are abided by with respect to outside duties undertaken by independent board members. According to the limitation imposed, they may not serve as independent board members at more than three companies where shareholders having management control over the Company have management control and in the aggregate, at more than five companies traded on the stock exchange. The duties board members undertake outside the company are presented for the information of shareholders through the

General Assembly Information Document at the General Assembly Meeting.

Migros Corporate Governance Committee has set a target [25%] for assignment of women members on the Board of Directors, and has made a recommendation in writing to the Board of Directors. The Board of Directors set the minimum ratio of women members as 25% and formulated a policy to achieve this goal. As a matter of principle, there are no barriers to women serving as members of the Board of Directors, at a number which will not be less than 25% of the number of all members. It has been reckoned that women members possessing academic and industrial experience who will contribute value to the Company can serve on the Board of Directors.

The composition of the Board of Directors is reviewed annually, upon which the Board of Directors devises plans accordingly. At the Ordinary General Assembly Meeting convened on 29 April 2020, Esel Yıldız Çekin was elected as a Board member. Consequently, one woman member has been serving on the Company's Board of Directors composed of 12 members since 29 April 2020.

Board of Directors

Name	Title	Appointed on	Term
Tuncay Özilhan	Chairman [Non-executive]	26 May 2021	1 Year
Kamilhan Süleyman Yazıcı	Vice Chairman [Non-executive]	26 May 2021	1 Year
Tuğban İzzet Aksoy	Member [Non-executive]	26 May 2021	1 Year
Mehmet Hürşit Zorlu	Member [Non-executive]	26 May 2021	1 Year
Esel Yıldız Çekin	Member [Non-executive]	26 May 2021	1 Year
Rasih Engin Akçakoca	Member [Non-executive]	26 May 2021	1 Year
Recep Yılmaz Argüden	Member [Non-executive]	26 May 2021	1 Year
Ömer Özgür Tort	Member and CEO [Executive]	26 May 2021	1 Year
İzzet Karaca	Independent Member [Non-executive]	26 May 2021	1 Year
Hüseyin Faik Açıkalın	Independent Member [Non-executive]	26 May 2021	1 Year
Şevki Acuner	Independent Member [Non-executive]	26 May 2021	1 Year
Emre Ekmekçi	Independent Member [Non-executive]	26 May 2021	1 Year

Independent Board Members' Affidavits

To the Board of Directors of Migros Ticaret Anonim Şirketi ("the Company"):

Owing to my having been proposed as a candidate for a seat as an independent board member on your Company's Board of Directors at your Company's general assembly meeting for the year 2020, I hereby declare and wish it to be known by all Company organs, shareholders, and other interested parties that I am a candidate to serve as an independent board member at the Company within the framework of the Company's articles of association and the criteria of the Capital Markets Board's Corporate Governance Principles and that I possess the qualifications to do so and furthermore:

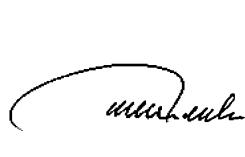
- a] That neither I, nor my spouse, nor any relative of mine whether by blood or by marriage unto the second degree, have, within the most recent five years, entered into any employment relationship in an administrative capacity involving significant duties and responsibilities, owned more than 5% of the capital or voting rights or privileged shares either jointly or individually, or have established a significant commercial relation with the Company, or with corporations over which the Company holds management control or significant influence or with shareholders who hold management control over the Company or have significant influence over the Company, or with legal entities controlled by these shareholders,
- b] That within the most recent five years, I have not been a shareholder [5% and more], not worked in an administrative capacity undertaking significant duties and responsibilities or not served as a member of the board of directors in any company, particularly companies involved in the Company's auditing [including tax audit, statutory audit, internal audit], rating, or consulting functions that the Company purchases or sells a substantial amount of goods or services within the framework of the contracts executed, during the period of such sale or purchase,
- c] That, as may be seen from my resume, I am possessed of the professional training, knowledge, and experience necessary to duly fulfill the duties I shall undertake as an independent member of the Board of Directors;
- d] That, as of the date on which my candidacy for board membership was proposed and this affidavit is submitted, I am not a full-time employee of any public agency or organization and that, if elected, I shall not be for the duration of my term of office;
- e] That I am a resident of Turkey as defined in the Income Tax Law; *
- f] That I am possessed of ethical standards and of professional repute and experience sufficient to enable me to make a positive contribution to the Company's affairs, to maintain my impartiality in any disputes that may arise among the Company's shareholders, and to come to decisions freely on the basis of all stakeholders' interests;
- g] That I will be able to devote to the Company's affairs an amount of my time sufficient to keep track of the conduct of the Company's activities and to fully satisfy the requirements of the duties I will be undertaking
- h] I have not served as a member on the Company's board of directors for more than six years within the last ten years,
- i] I have not served as an independent board member in more than three companies over which the Company or the controlling shareholders of the Company hold management control and in more than five listed companies in total.



İzzet Karaca
Independent Member of Board
of Directors



Hüseyin Faik Açıkalın
Independent Member of Board
of Directors



Şevki Acuner
Independent Member of Board
of Directors



Emre Ekmekçi
Independent Member of Board
of Directors

* Applies to resident members.

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5.2 Operating Principles of the Board of Directors

As specified in corporate governance principles, the Board of Directors conducts its activities in line with the corporate governance principles of transparency, accountability, fairness, and responsibility. Taking the opinions of its internal committees into account, the Board of Directors devises internal control systems that incorporate risk management and information mechanisms and processes capable of minimizing the adverse impact of risks that might affect company stakeholders. The effectiveness of risk management and internal control systems is reviewed at least once a year. Information about the functionality and effectiveness of the internal control system is provided in the annual report.

As required by CMB Corporate Governance Communiqué II-17.1, the Board of Directors plays a proactive role in ensuring effective communication between the Company and its stakeholders and in addressing and resolving any disputes that may arise. To accomplish this, it cooperates closely with the Corporate Governance Committee and with the Investor Relations Department. During 2021 the Migros Board of Directors passed 28 resolutions on a variety of subjects. Majority of the full membership were present at every meeting in which these decisions were taken and the decisions were passed by a majority of those in attendance. Under the articles of association, invitations to board meetings may be sent out by the chairman [or his deputy] at least three days in advance of the meeting date by means of fax, letter, or email. These invitations indicate the meeting date, time, place, and agenda. Whenever the board is convened, it may agree upon a schedule for the regular conduct of meetings during the year.

A secretariat is charged with organizing and conducting meeting-related matters both before and after meetings are held. This secretariat is also responsible for the regular maintenance of meeting-related records, for making entries in the Board of Directors Book of Resolutions, and for making this register accessible to board members for their inspection. Any and all manner of views may be expressed during board meetings. If any dissenting votes are cast against a particular resolution, information about this is included in the minutes along with the justifications for such dissent. No dissenting opinions were entered into the minutes of any board meetings that took place during 2021. Any questions that may be raised by board members and the answers given to them are also entered into the minutes. Issues pertaining to board meetings and decision quorums are governed by the Turkish Commercial Code and the and the Articles of Association.

The agendas for board meetings are determined in line with the suggestions and guidance of board members and senior executives. Even if no other item has been placed on a meeting's agenda, the Company's monthly financial statements and investment program are discussed.

Each member of the Migros Board of Directors is entitled to one vote. No members have been granted weighted voting or veto rights.

Members of the Migros Board of Directors are covered by insurance against the risk that the Company may suffer a loss on account of misjudgment and errors in the performance of their duties. Liability insurance policies in the amount of USD 25 million have been taken out on board members and senior executives in 2021. This matter has been announced on KAP [Public Disclosure Platform].

Members of the Board of Directors are not allowed to vote in the issue of acquitting board members of their fiduciary responsibilities at general assembly meetings.

Duties and powers of the Board of Directors members can be found in the Company's Articles of Association available on the Company's corporate website (www.migroskurumsal.com) and on KAP [Public Disclosure Platform].

5.3 Number, Structure, and Independence of Committees Established within the Board of Directors

An audit committee, a corporate governance committee and an early detection of risk committee was set up both in compliance with the requirements of CMB Corporate Governance Communiqué II-17.1 and in order to help the Board of Directors better fulfill its duties and responsibilities. Owing to the structure of the board, neither a nominating committee nor a remuneration committee has been set up: the functions of such committees are performed by the Corporate Governance Committee. These committees' areas of responsibility, their working principles, and their memberships are determined and publicly disclosed by the Board of Directors.

Under CMB Corporate Governance Communiqué II-17.1, all audit committee members and the heads of other committees must be selected from among independent board members. Care is taken to avoid having any single board member serving on more than one committee. No executive board member or general manager may serve on these committees.

The activities of the board's Audit Committee, Corporate Governance Committee, and Early Detection of Risk Committee for 2021 have been reviewed and assessed by the board. It was ascertained that in the conduct of their operations these committees had been mindful of the requirements of laws and regulations and that their activities had a beneficial impact on the Company's practices.

a. Audit Committee

At a meeting of the Board of Directors held on 27 May 2021, it was decided that the Audit Committee should consist of two independent board members and that İzzet Karaca and Şevki Acuner were elected to fill these seats. In compliance with CMB regulations, İzzet Karaca was chosen to serve as committee chairman.

Audit Committee

Izzet Karaca	Committee Chairman	Independent Member	Non-executive
Şevki Acuner	Member	Independent Member	Non-executive

Besides auditing the Company's accounting system and its publicly disclosed financial statements, the Audit Committee also oversees the operation and effectiveness of independent auditing and of the Company's internal control and internal audit systems. As required by Corporate Governance Principles, the selection of independent auditors, the preparation of independent auditing contracts and the initiation of independent auditing processes, and every stage of the activities of the independent auditors are subject to the oversight of the Audit Committee.

The Audit Committee determines methods and criteria that are to be applicable when examining and finalizing any complaints the Company receives about its accounting and internal control system or its independent auditing and when company personnel are given access to confidential reports about in-house accounting and independent auditing matters.

Every year, the Audit Committee submits its proposal for the designation of the

Company's independent audit firm for the fiscal year from 1 January until 31 December.

Prior to the public disclosure of annual and interim financial statements and having consulted and obtained the opinions of the Company officers concerned and of the independent auditors, the Audit Committee provides the Board of Directors with a written declaration concerning its own assessment of the statements' compatibility with respect to the Company's approved accounting principles and of their truthfulness and accuracy.

The Audit Committee convenes at least four times a year. The results of these meetings are set down in minutes that are submitted to the Board of Directors along with any decisions that are taken. Information about the Audit Committee's operations and meeting results is included in the Company's annual report.

The Audit Committee works in coordination with the Early Detection of Risk Committee by way of holding joint meetings.

The Audit Committee immediately notifies the Board of Directors in writing of any findings it makes concerning its duties and areas of responsibility and of its assessments and recommendations concerning such matters.

Operating Principles of the Audit Committee

Purpose and Scope

Set up under the Capital Market legislation, the Audit Committee reports to the Board of Directors.

The purpose of the Audit Committee is to verify that the Company's accounting and reporting system runs in accordance with applicable laws and regulations, to supervise the audit and public disclosure of financial information, and the operation and efficiency of independent audit and internal control system.

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Authority

The Audit Committee is formed and authorized by the Board of Directors, which also sets out its duties and operating principles. As and when it deems necessary, the Audit Committee seeks opinion from independent experts regarding its activities, and the cost of necessary advisory services are borne by the Company.

The Audit Committee acts within the frame of its authorization and responsibilities, and makes recommendations to the Board

of Directors, which is ultimately responsible for the final decision at all times.

Detailed information about the Committee structure and meetings, duties and responsibilities, basis and enforcement is provided under the Investor Relations tab on our corporate website. [www.migroskurumsal.com]

b. Corporate Governance Committee

The Migros Board of Directors has set up a corporate governance committee to oversee corporate governance practices at the Company and to coordinate

the activities of the Investor Relations Department. The Committee targets continuous improvement of the Company's corporate governance practices. At its meeting on 27 May 2021, the board decided to elect Hüseyin Faik Açıkalın, Esel Yıldız Çekin, Recep Yılmaz Argüden, Mehmet Hürşit Zorlu and Affan Nomak as the members of the Corporate Governance Committee. In compliance with CMB regulations, the board also decided to appoint Hüseyin Faik Açıkalın to head the committee. The Committee meets at least four times a year and is formed of 5 members.

Corporate Governance Committee

Hüseyin Faik Açıkalın	Committee Chairman	Independent Member	Non-executive
Esel Yıldız Çekin	Member	Not an Independent Member	Non-executive
Recep Yılmaz Argüden	Member	Not an Independent Member	Non-executive
Mehmet Hürşit Zorlu	Member	Not an Independent Member	Non-executive
Affan Nomak	Member	Not an Independent Member	Investor Relations and Risk Management Director

It was decided that the Corporate Governance Committee should also fulfill the duties of both a nominating committee and a remuneration committee as is allowed by CMB Corporate Governance Communiqué II-17.1. Accordingly and in the fulfillment of its duties as a nominating committee, the Corporate Governance Committee is responsible for creating a transparent system capable of identifying, vetting, and training suitable candidates to fill seats on the Board of Directors and to undertake management positions that have administrative responsibilities and to develop policies and strategies for dealing with such issues. The Corporate Governance Committee also makes regular assessments of the structure and efficiency of the Board of Directors and

submits to the board its recommendations for possible changes in such matters.

In the fulfillment of its duties as a remuneration committee, the Corporate Governance Committee determines and oversees principles, criteria, and practices which are to be used in the remuneration of members of the Board of Directors and of managers with administrative responsibilities and which take the Company's long-term goals into account. The committee submits to the Board of Directors its recommendations concerning the remuneration that is to be paid to members of the Board of Directors and to managers with administrative responsibilities subject to the degree to which the recipients have satisfied remuneration-related criteria.

Operating Principles of the Corporate Governance Committee

Purpose and Scope

Set up under the Capital Market legislation, the Corporate Governance Committee reports to the Board of Directors.

In line with the CMB Corporate Governance Communiqué [II-17.1], the purpose of the Corporate Governance Committee is to establish whether corporate governance principles are implemented at our Company, the reasons for non-implementation, if applicable, and conflicts of interest resulting from failure to achieve complete alignment with these principles. The Committee is responsible for suggesting improvements regarding

corporate governance practices to the Board of Directors and for overseeing the activities of the Investor Relations Department.

Pursuant to the Corporate Governance Communiqué, the Corporate Governance Committee fulfills the functions of the Nomination Committee and the Remuneration Committee, as well.

Authority

The Corporate Governance Committee is formed and authorized by the Board of Directors, which also sets out its duties and operating principles. As and

when it deems necessary, the Corporate Governance Committee seeks opinion from independent experts regarding its activities, and the cost of necessary advisory services are borne by the Company.

The Committee acts within the frame of its authorization and responsibilities, and makes recommendations to the Board of Directors, which is ultimately responsible for the final decision at all times.

Detailed information about the Committee structure and meetings, duties and responsibilities, basis and enforcement is provided under the Investor Relations

tab on our corporate website. [www.migroskurumsal.com]

c. Early Detection of Risk Committee

At a meeting of the Board of Directors held on 27 May 2021, it was decided to elect Şevki Acuner, Hüseyin Faik Açıkalın and Tuğban İzzet Aksoy to seats on an early detection of risk committee which had been set up in compliance with the requirements of Turkish commercial law, capital market laws and regulations, and corporate governance principles. As also required by Capital Markets Board regulations, Şevki Acuner was designated as the committee's head.

Early Detection of Risk Committee

Şevki Acuner	Committee Chairman	Independent Member	Non-executive
Hüseyin Faik Açıkalın	Member	Independent Member	Non-executive
Tuğban İzzet Aksoy	Member	Not an Independent Member	Non-executive

As defined by the Board of Directors in accordance with the Turkish Commercial Code and capital market laws and regulations, the activities of the Early Detection of Risk Committee consist of identifying, at an early stage, risks that might endanger the Company's existence, well-being, and continuity; of taking measures needed to deal with such risks; and of managing risk. The Early Detection of Risk Committee performs a review of risk management systems at least once a year. The committee convenes six times a year.

Operating Principles of the Early Detection of Risk Committee

Purpose and Scope

Set up under the Capital Market legislation and in accordance with Article 378 of the Turkish Commercial Code, the Early Detection of Risk Committee reports to the Board of Directors. The purpose of the Early Detection of Risk Committee is to early detect the risks that may threaten the existence, development and survival of the Company, to implement the necessary measures in relation to identified risks, and to manage the risk.

Authority

The Early Detection of Risk Committee is formed and authorized by the Board of Directors, which also sets out its duties and operating principles. As and when it deems necessary, the Early Detection of Risk Committee seeks opinion from independent experts regarding its activities, and the cost of necessary advisory services are borne by the Company.

The Early Detection of Risk Committee acts within the frame of its authorization and responsibilities, and makes recommendations to the Board of Directors, which is ultimately responsible for the final decision at all times.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

Detailed information about the Committee structure and meetings, duties and responsibilities, basis and enforcement is provided under the Investor Relations tab on our corporate website. (www.migroskurumsal.com).

5.4 Risk Management and Assessment by the Management

Loans

As at 31 December 2021, TL equivalent of the Company's loan payables is TL 2,971,319 thousand. The repayment schedule for the nominal principal amount of the Company's financial payables as at 31 December 2021 is presented in detail in the note titled "Borrowings" in the Company's Consolidated Financial Statements and Independent Auditor's Report for the period 1 January – 31 December 2021.

Risk Management

Pursuant to the applicable provisions of the Turkish Commercial Code, the Early Detection of Risk Committee, which is charged with early diagnosis of risks that may threaten the existence, development and survival of the Company, and with ensuring that necessary actions are taken in relation to those risks, carried on with its activities in 2021.

Within the scope of the activities conducted with the Company employees, the Committee follows up various risk indicators, which have been created to ensure identification of the risks that could preclude the achievement of the Company's strategic business goals, to monitor the factors that make up these risks, to determine and measure the probability and impact of the risks,

and follows up the risk criteria deemed important.

These risk indicators are analyzed and followed up by the related Company units, the Company's annual risk map is prepared and changes are monitored by the Risk Committee. In periodic meetings, the Early Detection of Risk Committee evaluates whether appropriate actions have been taken.

The Company was being exposed to financial risks as a result of the fluctuations in exchange rates due to its FX borrowings in previous years, which had caused the Company's shareholders' equity to decline in recent years. With the purpose of mitigating its balance sheet risk, Migros significantly reduced its Euro indebtedness in 2020; with the prepayment made in April 2021, the Company does not have any outstanding bank debt in foreign currency terms in its domestic operations. Hence, the exchange rate risk that arose in previous years in connection with financial debts has been eliminated, and the Company no longer has an open FX position.

Related information is presented in detail in Note 29 "Exchange Rate Risk and Foreign Currency Position" in the Consolidated Financial Statements and Independent Auditor's Report for the period 1 January – 31 December 2021. On another note, the Company also targets to reduce its interest expenses by reducing its TL indebtedness in the coming periods.

The Committee met six times in 2021. Reportings and committee assessments are periodically presented for the information of the Board of Directors in accordance with the principles set.

Internal Audit Mechanism

In the conduct and performance of its audits, the Internal Audit Department adheres to the following principles.

- Effective utilization of the resources of the Company,
- Effectiveness of the internal control mechanisms on operations,
- Confirmation of Company assets
- Efficiency and effectiveness of business operations,
- Compliance of employees with the quality management documentation and administrative instructions approved by the management,

The basic activities of the Internal Audit Department consist of, among others, investigating/examining activities and transactions which involve previously identified and reported risk elements in order to ascertain the degree at which such risks have been eliminated or taken under control in line with management-approved recommendations, and repeating the audit in cases where detailed examinations are necessary.

Any problems that may be discovered during the course of audit activities are investigated in detail to allow adoption of necessary measures while recommendations are also made for compensating the Company's ascertained loss. Necessary changes to the system and processes so as to prevent recurrence of similar incidents make up the focal point of these efforts.

The annual internal audit plan created according to the risk-based audit universe was revised due to the pandemic conditions with the approval of the Audit Committee, and the Internal Audit Department conducted financial and operational audits of various departments and processes in line with the revised plan. Assessments and recommendations resulting from the audits were submitted to Company's senior management in the audit reports prepared, and were also addressed in the Audit Committee meetings for pointing out the improvement areas in line with the continuous development philosophy. The Internal Audit Department also conducted follow-up audits on issues about which senior management was previously informed and for which measures were agreed upon.

The Board of Directors' opinion regarding the Company's internal control system and internal audit activities is that the internal control system in place and internal audit activities executed are being carried out effectively.

5.5 Strategic Goals of the Company

In line with its mission, Migros structures its strategies to achieve sustainable quality and earn respect as the industry leader through an approach to customer satisfaction which raises the standards of retailing in the countries in which it is active.

Migros' main strategy is to provide our customers with high quality, modern, reliable services at affordable prices.

Targets set to achieve these strategies are shared with all the organizational units and supported by business plans. The Corporate Performance Management System in place facilitates monitoring and evaluation of these targets and business results as well as their assessment and revision whenever necessary.

Annual, quarterly and monthly reporting structures have been created to enable the Board of Directors to carry out its basic administrative functions such as planning, organizing and supervising.

Members are kept informed by means of annual meetings at which the most recent five-year plan is presented to the Board of Directors, by annual budget and review meetings, and by monthly meetings at which the Company's business results are presented and the board's feedback is solicited. Detailed monthly reports are also submitted to the board for its information. In this way, all the members of the Board of Directors are able to track the Company's ongoing efforts to fulfill its targets and to immediately intervene and provide guidance when necessary.

5.6 Financial Rights Provided to Board Members and to Managers with Administrative Responsibilities

The financial rights to be provided to the members of the Board of Directors are discussed as a separate agenda item at general assembly meetings. At a general assembly meeting held on 26 May 2021, shareholders voted to pay each independent board member a total

annual remuneration of TL 168,000 (net) in monthly installments so as to cover their terms of office, and not to pay any monthly salary and/or attendance fees to other board members.

The remuneration of independent board members involves neither company stock options nor company performance-based compensation plans. All the benefits provided to senior executives are declared in the footnotes to the financial statements.

The Remuneration Policy applicable to members of the Board of Directors and senior executives was published on the corporate website at www.migroskurumsal.com.

Benefits Provided to Senior Executives During the Reporting Period

"Senior management" is defined as the chairman and members of the Board of Directors, the CEO, members of the Executive Committee, and assistant general managers.

The benefits provided to senior executives consist of salaries, bonuses, pension contributions, company-leased automobiles, and employer's share of social security premiums.

[TL thousand]	01 January - 31 December 2021	01 January - 31 December 2020
Short-term benefits provided to senior executives	71,186	65,746
Total	71,186	65,746

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

Migros makes no loans and extends no credit to any senior executive. Neither does it extend any form of personal credit to senior executives through third parties or otherwise provide senior executives with any form of surety.

OTHER ISSUES

In 2021, there were no regulatory changes that would significantly affect the Company's operations.

Utmost care is taken to avoid any situations that may give rise to a conflict of interest between the Company and the entities providing services such as investment consultancy and rating, and the provisions of applicable legislation are complied with in these matters. No situations creating a conflict of interest were observed in 2021.

A number of lawsuits that have been filed against or in favor of the Company are currently being litigated. These suits are concerned primarily with receivable-, rent-, or business-related issues.

At the end of each reporting period, the Company's management reviews and assesses the potential consequences and financial impact of such litigation and, based on its best judgment, provisions are set aside to cover likely losses or gains. Detailed information about such matters is provided in the consolidated financial statements.

No lawsuits have been filed against the Company or board members on account of any practices contradicting with the legislation.

Fringe Benefits of Migros Employees

Migros grants its employees fringe benefits in addition to the rights they have under the law. Fringe benefits provided to blue collar workers are determined in the collective bargaining agreement. The Company provides noncontributory health insurance and private pension system enrolment to all of its employees, in addition to social leaves, fuel allowance, food allowance, clothing allowance, leave travel allowance, holiday allowance, education allowance to employees with children in school, marriage, military service, childbirth and death allowances. Through the portal "Allem ve Ben", the Company offers advantageous services to all of its employees in education, healthcare, shopping and similar matters. Classroom and online training in various subjects are provided to all employees via Akademig. In addition, social benefits that vary according to the duties of employees are also made available.

Other

The Company is not a party to any mutual cross-shareholding.

The collective labor agreement signed by and between the Company and Tez-Koop. İş Union on 30 March 2020 covers the period from 01 January 2020 until 31 December 2022. The Company provided the information about the subject by its KAP disclosure on 30 March 2020.

Other matters related to Corporate Governance Principles are as follows:

During 2021, there were no material transactions with related parties as defined in the Corporate Governance Principles.

Necessary explanations about the transactions of Migros Ticaret A.Ş. with related parties are given in the related footnote of the financial report.

a) Company Disclosure Policy

Material events are publicly disclosed in a truthful and timely manner as prescribed by CMB Communiqué II-15.1 concerning such matters. In addition, any and all manner of significant information that might influence shareholders' and other stakeholders' decisions is also publicly disclosed. In the public disclosure of such information, the following channels are used depending on the nature and particulars of the announcement:

- Material event disclosures sent to the Public Disclosure Platform,
- Financial reports sent to the Public Disclosure Platform,
- Annual and interim reports,
- The corporate website at www.migroskurumsal.com,
- Informational and presentation documents published for stakeholders,
- Prospectuses, circulars, notices and other documentation issued pursuant to capital market laws and regulations,
- Printed and visual media press releases,
- Notices and announcements published in Turkish Trade Registry Gazette and in daily newspapers.

In order to ensure that shareholders and other stakeholders have convenient access to public disclosures such as presentations, press releases, and press conferences, such materials are also published on the Company's corporate website at www.migroskurumsal.com. Information publicly disclosed through the Public Disclosure Platform is also sent to financial data providers and to printed and visual media.

The identities of individuals who may have access to confidential company information before the public disclosure of material events are publicly disclosed. The names of the Company's board members and senior executives are published in the annual report along with that of the independent auditors. Information about any changes taking place in the Company's senior management during the reporting period was provided in the annual report.

In situations where CMB regulations require a public announcement concerning news, statements, and/or rumors about the Company which appear in the press, in other media, or on websites and of which the Company becomes aware, Public Disclosure Platform announcements are used to make such disclosures, depending on their nature; in order to ensure that shareholders and other stakeholders have convenient access to such disclosures, they are also published on our corporate website at www.migroskurumsal.com.

The Migros Disclosure Policy is formulated by the Board of Directors and updated as circumstances and regulations dictate. This policy is presented to shareholders convened in a general assembly and then published on the Company's corporate website at www.migroskurumsal.com. The Investor Relations Department strives to respond to questions that shareholders ask the Company truthfully, completely, equitably, and within the framework of this disclosure policy.

The Migros Disclosure Policy requires that any and all manner of information must be provided upon request unless such information is in the nature of a trade secret or, if divulged, would give other individuals or organizations a competitive advantage over Migros or would have an adverse impact on the Company's activities.

Like its public disclosure policy, the Migros Dividend Policy is also formulated by the Board of Directors and publicly disclosed by being included in the Company's annual report, published on the Company's corporate website at www.migroskurumsal.com, and presented to shareholders convened in a general assembly.

When identifying individuals who will have administrative responsibility at the Company, the requirements and criteria stipulated in the Turkish Commercial Code [Statute 6102], the Capital Markets Law [Statute 6362], CMB communiques, and other applicable laws, regulations, and administrative provisions are taken into account.

b] Material Event Disclosures

During 2021 the Company submitted 99 material event disclosures to the Public Disclosure Platform. Whenever the Public Disclosure Platform demanded further information about such announcements or the Company's response to news appearing in the media, the Company responded to such requests urgently.

Periodic financial statements, notes, annual reports and interim annual reports are shared with the public to provide an accurate and complete view of the Company's financial position. Financial statements are prepared in compliance with national/international accounting standards in consolidated format in compliance with communiques issued by the CMB. The accounting policies of the Company are referred to in the notes to financial statements. The Company's annual reports are prepared in sufficient detail to allow all concerned parties to obtain the necessary information and are updated every fiscal year in line with the applicable legislation/needs.

After every public disclosure of the Company's quarterly financial statements in 2021, presentations and bulletins concerning them were published on the Company's corporate website at www.migroskurumsal.com to inform shareholders. The Public Disclosure Platform has been notified that the said information was posted on the corporate website.

The Company designates an independent audit firm each year and requires this independent audit firm to rotate after a given period. Consultancy services are not obtained from the firm designated as an independent auditor.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

c) Disclosure of Ultimate Controlling Individual(s) Shareholder(s)

The shareholding structure of Migros is presented below.

Shareholder	Share [%]	Share Amount [TL]
MH Perakendecilik ve Ticaret A.Ş.	89,046,058	49.18
Others	89,046,059	49.18
Migros Ticaret A.Ş.	2,962,116	1.64
Total	181,054,233	100.00

Legal and Real Persons Indirectly Holding an Interest in the Capital as per the Latest Situation

Shareholder	Share Amount[TL]	Share [%]
Süleyman Kamil Yazıcı	17,624,898.6	9.73
Tülay Aksoy	11,917,547.4	6.58
Tuncay Özilhan	11,596,405.3	6.41
Azimut Portföy SKY Serbest Özel Fon	6,863,639.6	3.79
AG Anadolu Grubu Holding A.Ş. Others	41,043,567.2	22.67
Migros Ticaret A.Ş.	2,962,115.6	1.64
Others	89,046,059.4	49.18
Total	181,054,233.0	100.00

There are no preferred shares.

Information about changes in the Company's capital structure taking place during the year was publicly disclosed immediately through the Public Disclosure Platform system. Such changes are also

announced in the pertinent sections of the Company's 2021 annual report. Under the Material Events Communiqué II- 15.1, material event disclosures must be made by the Company's Chairman, board members, general manager, or assistant

general managers, by any shareholder who directly or indirectly controls 5% or more of the Company's capital or voting rights, or by anyone acting in concert with any of these whenever they purchase or sell Migros shares.

d) Public Disclosure of Individuals Who Are In a Position to Access Inside Information

Board of Directors members, CEO, members of the Executive Committee and Assistant General Managers having access to inside information at the Company are named hereinbelow:

Board of Directors

Tuncay Özilhan	Chairman
Kamilhan Süleyman Yazıcı	Vice-Chairman
Tuğban İzzet Aksøy	Member
Mehmet Hurşit Zorlu	Member
Esel Yıldız Çekin	Member
Rasih Engin Akçakoca	Member
Recep Yılmaz Argüden	Member
Ömer Özgür Tort	Member and CEO
İzzet Karaca	Independent Member
Hüseyin Faik Açıkalın	Independent Member
Şevki Acuner	Independent Member
Emre Ekmekçi	Independent Member

Senior Management

Ömer Özgür Tort	CEO
Mustafa Murat Bartın	Member of the Executive Committee (Retail Operations)
Ekmel Nuri Baydur	Member of the Executive Committee (Marketing)
Ferit Cem Doğan	Member of the Executive Committee (Finance) - CFO
Hakan Şevki Tuncer	Assistant General Manager (Investment Development)
Tarık Karlıdağ	Assistant General Manager (Construction)
Bülent Kuntay	Assistant General Manager (Distribution Centers and Logistics)
Kerim Tatlıcı	Assistant General Manager (Information Technologies and Business Development)
Olcay Yılmaz Nomak	Assistant General Manager (Human Resources and Industrial Relations)

In addition to the Company's Board of Directors and Senior Management, individuals serving in director position, Finance department managers, and reporting managers at the Company have access to inside information due to their functions.

Under Article 7 [5] of the Material Events Communiqué [II-15.1], our Company makes sure that individuals with access

to inside information are aware of their obligations in relation to such information stemming from the Law and applicable legislation, as well as the sanctions related to their misuse.

As a consequence of its auditing functions, the Company's independent auditors DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. also has access to insider information.

e) Silent Period

The Chairman and members of the Board of Directors, Chief Executive Officer, Chief Financial Officer, Corporate Communications Director, Investor Relations and Risk Management Director and other Company executives designated by the Corporate Governance Committee are assigned to act as spokespeople to represent our Company in all contacts

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

with shareholders, investors, brokerage analysts and other stakeholders through any communication channel, including the printed press, within the frame of the Company's disclosure policy.

Individuals designated as Company spokespeople are obliged to abide by the Silent Period practice, which starts one week before the disclosure of quarterly financial results and lasts until the date of such disclosure.

The beginning and ending dates of the Silent Period practice are published on the corporate website, under the heading Financial Calendar once the disclosure dates of financial statements are fixed. The disclosure dates of financial results and the corresponding Silent Periods are fixed before financial statements are disclosed, and announced by way of the Financial Calendar. During the course of the Silent Period, Company spokespeople may not make comments regarding the Company's financial position for the relevant period, except for the information publicly disclosed in the name of the Company. In this period, analysts', investors' and similar individuals' questions about the financial position for the relevant period are left unanswered. Yet, people authorized to make public disclosures about the Company may participate in conferences, panels and similar events and deliver speeches during the Silent Period, strictly provided that they observe the confidentiality of inside information.

f) BIST Sustainability Index of Borsa İstanbul

Taking place in the BIST Sustainability Index since November 2014 – October 2015 period when the index was started to be calculated. The Company's sustainability activities can be reached under the Sustainability tab on the corporate website.

g) Authorities and Responsibilities of Board Members and Managers

The duties and authorities of board members and managers are explicitly defined in the Company's articles of association, which may be found on the Company's corporate website at www.migroskurumsal.com. The Migros Board of Directors is empowered to take decisions on all matters pertaining to whatever kinds of business and/or transactions are necessary for the Company to achieve its object and scope save for those that are exclusively reserved to the general assembly of shareholders by laws and regulations or by the Company's charter.

Managers' authorities and responsibilities are defined in their power of signature statements.

i) Prohibition on Doing Business with or Competing against the Company

No member took part in any activity that could be deemed to be in competition with the Company.

j) Research & Development Activities

R&D costs incurred by the Company during 2021 amounted to TL 57,876 thousand [2020: TL 42,324 thousand].

Having received R&D Center certificate from the Ministry of Science, Industry and Technology, Migros Ticaret A.Ş. has continued with technical research and development activities in business development and software during 2021.

Under the Migros R&D center, Migros administrative units develop new initiatives for the improvement of processes in relation to retailing activities carried out at Store and Distribution Centers or for creation of new processes. Mostly entailing innovative solutions and smart

systems integrated with technology, the applications also serve to touch our customers and suppliers.

k) Subsequent Events

Information on the subsequent events is presented in the Consolidated Financial Statements and Independent Auditor's Report for the period 1 January - 31 December 2021.

Affiliated Company Report – Conclusion Section

In the related Affiliated Company Report for the Group of Companies approved by the Board of Directors of Migros Ticaret A.Ş., it has been concluded that Migros Ticaret A.Ş. did not engage in any transaction with its controlling shareholders or subsidiaries thereof at the instruction of the controlling company or with the intent to obtain results that would be to the benefit of exclusively to the controlling company or a company affiliated thereto, nor is there any action taken or avoided to the benefit of the controlling company or a company affiliated thereto; also according to the conditions and circumstances known to us, a counter-performance on arm's length was provided in all transactions the Company carried out in 2021 with its controlling shareholder or subsidiaries thereof so as to ensure continuation of the operation in a competitive manner at the market conditions prevailing at the time the transaction was performed. Furthermore, there were no actions taken or avoided to the benefit of the controlling shareholder in Migros Ticaret A.Ş. or subsidiaries thereof that might cause loss to the Company and hence, there are no transactions or actions that would require offsetting.

CORPORATE GOVERNANCE COMPLIANCE REPORT

	Company Compliance Status					
	Yes	Partial	No	Exempted	Not Applicable	Explanation
Corporate Governance Compliance Report						
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2- Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.		X				
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.		X				
1.3. GENERAL ASSEMBLY						
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.		X				
1.3.7- Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.				X		
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.		X				
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	X					Information regarding the amounts and beneficiaries of all donations made during the year were provided in a separate item in the agenda. The shareholders were informed about the total amount of donation and main donations separately. The Company made donations totaling TL 725,498.62 in 2021 for the purpose of donation to people in need. The Company made donations to Türkiye Eğitim Gönüllüleri Vakfı, Anadolu Eğitim ve Sosyal Yardım Vakfı, Ege Orman Vakfı, Koç University, etc.
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.	X					

CORPORATE GOVERNANCE COMPLIANCE REPORT

	Company Compliance Status						
	Yes		Partial	No	Exempted	Not Applicable	Explanation
1.4. VOTING RIGHTS							
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.		X					
1.4.2 - The company does not have shares that carry privileged voting rights.		X					
1.4.3-The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.				X		No cross ownership.	
1.5. MINORITY RIGHTS							
1.5.1 - The company pays maximum diligence to the exercise of minority rights.		X					
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X			While utmost care is given to the use of minority rights, our Articles of Association regulates the usage of all minority rights in accordance with regulations. The Articles of Association of our company does not include any article broadening the extent of minority rights compared to the Law.	
1.6. DIVIDEND RIGHT							
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.		X					
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.		X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.		X					
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.		X					
1.7. TRANSFER OF SHARES							
1.7.1 - There are no restrictions preventing shares from being transferred.		X					

	Company Compliance Status					
	Yes	Partial	No	Exempted	Not Applicable	Explanation
2.1. CORPORATE WEBSITE						
2.1.1. - The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2 - The shareholding structure [names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital] is updated on the website at least every 6 months.	X					
2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X					
2.2. ANNUAL REPORT						
2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	X					
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X					
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.2.1 - The Articles of Association, or the internal regulations [terms of reference/manuals], regulate the participation of employees in management.	X					
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					
3.3. HUMAN RESOURCES POLICY						
3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					
3.3.2 - Recruitment criteria are documented.	X					

CORPORATE GOVERNANCE COMPLIANCE REPORT

	Company Compliance Status					
	Yes	Partial	No	Exempted	Applicable	Not
						Explanation
3.3.3 - The company has a policy on human resources development, and organises trainings for employees.		X				
3.3.4 - Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.			X			
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.		X				
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.			X			
3.3.7 - Measures [procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms] have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.			X			
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.			X			
3.3.9 - A safe working environment for employees is maintained.		X				
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1-The company measured its customer satisfaction, and operated to ensure full customer satisfaction.		X				
3.4.2 - Customers are notified of any delays in handling their requests.		X				
3.4.3 - The company complied with the quality standards with respect to its products and services.		X				
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.		X				
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.		X				
3.5.2-The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.		X				

	Company Compliance Status					
	Yes	Partial	No	Exempted	Not Applicable	Explanation
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.		X				
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.		X				
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1-The board of directors documented its meetings and reported its activities to the shareholders.		X				
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.		X				
4.2.3-The board has ensured the company has an internal control framework adequate for its activities, size and complexity.		X				
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.		X				
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.		X				
4.2.7-The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.		X				
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.		X				

CORPORATE GOVERNANCE COMPLIANCE REPORT

	Company Compliance Status					
	Yes	Partial	No	Exempted	Not Applicable	Explanation
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.	X					The Corporate Governance Committee determined a ratio [25%] for membership of women in the Migros Board of Directors and made a written recommendation to the Board of Directors. Migros Board of Directors made a policy to have female Board members at the minimal rate of 25%. As a matter of principle, there are no barriers to or limitations on women serving as members of the Board of Directors. All members of the board—male and female—are considered and evaluated entirely on the basis of their professional and sectoral experience and their academic qualifications.
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					The Board structure is evaluated on yearly basis and the Board of Directors makes planning on this matter. Ms. Esel Yıldız Çekin has been serving as Board member in the Migros Board of Directors since 29.04.2020. Thus, one female member takes part in Migros Board of Directors.
4.4. BOARD MEETING PROCEDURES						
4.4.1-Each board member attended the majority of the board meetings in person.	X					Most of the Board members attended the majority of the Board meetings. However, some Board members attended these Board meetings via teleconference / videoconference due to the pandemic. Majority of the Board members were present at every meeting in which the Board decisions were taken and the decisions were passed by a majority of those in attendance.

	Company Compliance Status					
	Yes	Partial	No	Exempted	Not Applicable	Explanation
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.		X				
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.		X				
4.4.4 - Each member of the board has one vote.	X					
4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.		X				
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.		X				
4.4.7-There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.		X				External duties of Migros Board members - excluding the independent members - are not conditional on certain rules. However, our Company complies with the provisions of the Corporate Governance Communiqué regarding the external commitments of independent board members. The independent Board members shall not be the independent member of the board in more than three of the corporations as such; the corporation or the controlling shareholders of the corporation who hold the control of management corporations and in more than five listed corporations. The external duties of the board members were presented in the General Assembly Meeting via the General Assembly Information Document.

CORPORATE GOVERNANCE COMPLIANCE REPORT

	Company Compliance Status					
	Yes	Partial	No	Exempted	Applicable	Not applicable
4.5. BOARD COMMITTEES						
4.5.5 - Board members serve in only one of the Board's committees.		X				Two independent Board members have duties on two Committees.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.		X				
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.			X			The Committees did not have consultancy service last year. The information on the consultancy services taken in the previous years is mentioned in the annual report of the related year.
4.5.8 - Minutes of all committee meetings are kept and reported to board members.		X				
4.6. FINANCIAL RIGHTS						
4.6.1-The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.		X				
4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.		X				
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.		X				The total compensation provided to the Chairman, Board members, CEO and Assistant General Managers is reported in the annual report.

CORPORATE GOVERNANCE INFORMATION FORM

1. SHAREHOLDERS

1.1. Facilitating the Exercise of Shareholders Rights

The number of investor meetings [conference, seminar/etc.] organised by the company during the year

17 conferences & roadshows, 250+ institutional investors

1.2. Right to Obtain and Examine Information

The number of special audit request(s)

0

The number of special audit requests that were accepted at the General Shareholders' Meeting

0

1.3. General Assembly

Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. [a-d]

<https://www.kap.org.tr/en/Bildirim/934479>

Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time

Yes

The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9

-

The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communiqué on Corporate Governance [II-17.1]

-

The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communiqué on Corporate Governance [II-17.1]

-

The name of the section on the corporate website that demonstrates the donation policy of the company

Investor Relations / Corporate / Policies / Donation Policy

The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved

<https://www.kap.org.tr/tr/Bildirim/516861>

The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting

11, 11/A

Identified stakeholder groups that participated in the General Shareholders' Meeting, if any

Any stakeholders including press-media can participate in Migros General Assembly meetings. Shareholders who attended the General Assembly Meeting are shown in the Participants List [Hazır Bulunanlar Listesi] at the link: <https://www.kap.org.tr/en/Bildirim/938305>.

1.4. Voting Rights

Whether the shares of the company have differential voting rights

No

In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.

-

The percentage of ownership of the largest shareholder

49.18%

CORPORATE GOVERNANCE INFORMATION FORM

1.5. Minority Rights

Whether the scope of minority rights enlarged [in terms of content or the ratio] in the articles of the association

No

If yes, specify the relevant provision of the articles of association.

—

1.6. Dividend Right

The name of the section on the corporate website that describes the dividend distribution policy

Investor Relations / Corporate / Policies / Profit Distribution Policy

Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend.

In the General Assembly Meeting on 26 May 2021, within the Communiqué of Capital Markets Board [CMB] No. II-19.1 and in accordance with our articles of association and dividend distribution policies that were disclosed to public by our company, it was resolved not to distribute dividend for 2020 fiscal year as the company recorded net loss at the 2020 consolidated financial statements prepared in accordance with the Turkish Commercial Code and CMB legislation.

PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends

<https://www.kap.org.tr/en/Bildirim/938305>

General Assembly Meetings

2. DISCLOSURE AND TRANSPARENCY

2.1. Corporate Website

Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.

"Corporate Profile, Partnership Structure and Affiliates, Migros Ticaret A.Ş. Article of Association, Material Disclosures, Profit Distribution Policy, Company Disclosure Policy, Frequently Asked Questions" under the Corporate tab, "Financial Results, Annual Reports" under Financial Information tab, General Assembly information under "General Assembly" tab in Investor Relations section and "Migros Code of Ethics" under the Policies tab in About Us section

If applicable, specify the name of the sections of the website providing the list of shareholders [ultimate beneficiaries] who directly or indirectly own more than 5% of the shares.

<https://migroskurumsal.com/en/investor-relations/corporate#ortaklik-yapisi-ve-istirakler>

List of languages for which the website is available

Turkish and English

2.2. Annual Report

The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.

a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	"Board of Directors" and "Senior Management" sections and Corporate Governance Principles Compliance Report / Part V - Board of Directors / 5.1 Structure and Composition of the Board of Directors / "Independent Board Members' Affidavit"
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	Corporate Governance Principles Compliance Report / Part V - Board of Directors / "5.3 Number, Structure, and Independence of Committees Established within the Board of Directors"
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	Corporate Governance Principles Compliance Report / Part V - Board of Directors / "5.2 Operating Principles of the Board of Directors"
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	There were not any amendments in the legislation in 2021 which may significantly affect the activities of the corporation.
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	Corporate Governance Principles Compliance Report "Other Issues" and Independent Auditors' Report "Provisions, Commitments, Contingent Assets and Liabilities" note
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	Corporate Governance Principles Compliance Report / Other Issues
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	No cross ownership
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	Sustainability

CORPORATE GOVERNANCE INFORMATION FORM

3. STAKEHOLDERS

3.1. Corporation's Policy on Stakeholders

The name of the section on the corporate website that demonstrates the employee remedy or severance policy	About Us / Our Policies / Severance Policy
The number of definitive convictions the company was subject to in relation to breach of employee rights	150 reemployment and other related lawsuits
The position of the person responsible for the alert mechanism [i.e. whistleblowing mechanism]	Corporate Governance Committee members, Audit Committee members and relevant Assistant General Manager
The contact detail of the company alert mechanism	Any violation or concerns can be communicated by employees via the e-mail address of the Ethics Committee - etikkurul@migros.com.tr; and by other stakeholders via etik@migros.com.tr and iletisim@migros.com.tr e-mail addresses. In addition, customers can contact Migros directly through Call Center (0850 200 40 00) and WhatsApp line (530 915 45 45).

3.2. Supporting the Participation of the Stakeholders in the Corporation's Management

Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	About Us / Our Policies / Human Resources Policy
Corporate bodies where employees are actually represented	Our employees working at stores are represented in the Workplace Syndicate Representatives Committee. Workplace Syndicate representatives negotiate the implementation of union agreement terms with employer representatives, as well as complaints and suggestions. They are also represented in various committees such as "Occupational Health and Safety Council" and in the Committees formed for different projects. Every year, Migros conducts a survey via an independent research company to assess and improve employee satisfaction and commitment. The result of the survey forms a basis for new managerial decisions to be taken in the upcoming year. An annual meeting is held by the Company management to announce internally the Company's yearly strategy and objectives to the employees. The participants of this particular meeting have a directly impact on the determination of the Company's yearly objectives. The targets that designate the Company's main strategy are objectively announced to all departments.

3.3. Human Resources Policy

The role of the board on developing and ensuring that the company has a succession plan for the key management positions	Review and approval. In the Annual Strategic Human Resources Meetings, Potential, High Performing and Star employees are identified, and Critical Positions, Succession Plans and Retirement Plans are discussed and approved in line with the needs and short-medium-long term plans of Migros.
--	--

The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.

About Us / Our Policies / Human Resources Policy ("Search and Selection" part)

Whether the company provides an employee stock ownership programme

There isn't an employee stock ownership programme

The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.

About Us / Our Policies / Human Rights and Equal Opportunity Policy

The number of definitive convictions the company is subject to in relation to health and safety measures

1

3.5. Ethical Rules and Social Responsibility

The name of the section on the corporate website that demonstrates the code of ethics

"Migros Code of Ethics" under Our Policies in About Us tab

The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.

Sustainability [contains information on environmental, social and corporate governance issues]

Any measures combating any kind of corruption including embezzlement and bribery

Detailed information is provided in the "Anti-Bribery and Anti-Corruption Policy" under Our Policies in About Us tab (<https://migroskurumsal.com/en/about-us/our-policies#rusvet-ve-yolsuzlukla-mucadele-politikasi>)

CORPORATE GOVERNANCE INFORMATION FORM

4. BOARD OF DIRECTORS-I	
4.2. Activity of the Board of Directors	
Date of the last board evaluation conducted	January 2020
Whether the board evaluation was externally facilitated	Yes
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	The Board of Directors made a selection for Chairman, Vice-Chairman and Committee members. Accordingly, Tuncay Özilhan was selected as the Chairman and Kamilhan Süleyman Yazıcı was selected as Vice-Chairman. CEO Özgür Tort serves as executive Board member. Furthermore, he is authorized by the Board of Directors to provide guidance to the public on the expectations of the Company for the upcoming periods.
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	8 reports to the Audit Committee, 37 reports to the senior management
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Corporate Governance Principles Compliance Report / Part V - Board of Directors / 5.4 Risk Management and Internal Control Mechanisms / Internal Audit Mechanism
Name of the Chairman	Tuncay Özilhan
Name of the CEO	Ömer Özgür Tort
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	The functions of the CEO and Chairman are not combined.
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	https://www.kap.org.tr/en/Bildirim/988733
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	Information on diversity policy is given at the "Human Resources Policy" under Our Policies in About Us tab on our corporate website.
The number and ratio of female directors within the Board of Directors	The Corporate Governance Committee determined a ratio [25%] for membership of women in the Migros Board of Directors and made a written recommendation to the Board of Directors. Migros Board of Directors made a policy to have female Board members at the minimal rate of 25%. The Board structure is evaluated on yearly basis and the Board of Directors makes planning on this matter. Ms. Esel Yıldız Çekin has been serving as member of Migros Board of Directors since 29.04.2020. Thus, one female member takes part in Migros Board of Directors.

Composition of Board of Directors							
Name, Surname of Board Member	Whether Executive Director Or Not	Whether Independent Director Or Not	The First Date To Board	Link To PDP Notification That Includes The Independence Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether She/ He is the Director Who Ceased to Satisfy The Independence or Not	Whether The Director Has At Least 5 Years' Experience On Audit, Accounting And/Or Finance Or Not
Tuncay Özilhan	Non-executive	Not independent director	15.07.2015 -		Not applicable	Not applicable	Yes
Kamilhan Süleyman Yazıcı	Non-executive	Not independent director	11.04.2017 -		Not applicable	Not applicable	Yes
Tuğban İzzet Aksoy	Non-executive	Not independent director	26.05.2021 -		Not applicable	Not applicable	Yes
Mehmet Hurşit Zorlu	Non-executive	Not independent director	15.07.2015 -		Not applicable	Not applicable	Yes
Esel Yıldız Çekin	Non-executive	Not independent director	29.04.2020 -		Not applicable	Not applicable	Yes
Rasih Engin Akçakoca	Non-executive	Not independent director	16.05.2019 -		Not applicable	Not applicable	Yes
Recep Yılmaz Argüden	Non-executive	Not independent director	16.05.2019 -		Not applicable	Not applicable	Yes
Ömer Özgür Tort	Executive	Not independent director	28.04.2009 -		Not applicable	Not applicable	Yes
İzzet Karaca	Non-executive	Independent director	23.03.2016	https://www.kap.org.tr/en/Bildirim/934479	Considered	No	Yes
Hüseyin Faik Açıkalın	Non-executive	Independent director	15.05.2018	https://www.kap.org.tr/en/Bildirim/934479	Considered	No	Yes
Şevki Acuner	Non-executive	Independent director	15.05.2018	https://www.kap.org.tr/en/Bildirim/934479	Considered	No	Yes
Emre Ekmekçi	Non-executive	Independent director	26.05.2021	https://www.kap.org.tr/en/Bildirim/934479	Considered	No	No

CORPORATE GOVERNANCE INFORMATION FORM

4. BOARD OF DIRECTORS-II

4.4. Meeting Procedures of the Board of Directors

Number of physical board meetings in the reporting period [meetings in person]	8
Director average attendance rate at board meetings	80%
Whether the board uses an electronic portal to support its work or not	No
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	3 days
The name of the section on the corporate website that demonstrates information about the board charter	Investor Relations / Corporate / "Migros Ticaret A.Ş. Articles of Association" and "Corporate Governance Principles Compliance Report"
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	External duties of Migros Board members - excluding the independent members - are not conditional on certain rules. However, our Company complies with the provisions of the Corporate Governance Communiqué regarding the external commitments of independent board members. The independent Board members shall not be the independent member of the board in more than three of the corporations as such; the corporation or the controlling shareholders of the corporation who hold the control of management corporations and in more than five listed corporations. The external duties of the board members were presented in the General Assembly Meeting via General Assembly Information Document.

4.5. Board Committees

Page numbers or section names of the annual report where information about the board committees are presented	Corporate Governance Principles Compliance Report / Part V - Board of Directors / "5.3 Number, Structure, and Independence of Committees Established within the Board of Directors"
Link(s) to the PDP announcement(s) with the board committee charters	https://www.kap.org.tr/tr/Bildirim/917576

Composition of Board Committees-I

Names Of The Board Committees	Name Of Committees Defined As "Other" In The First Column	Name-Surname of Committee Members	Whether Committee Chair Or Not	Whether Board Member Or Not
Audit Committee	-	İzzet Karaca	Yes	Board member
Audit Committee	-	Şevki Acuner	No	Board member
Corporate Governance Committee	-	Hüseyin Faik Açıkalın	Yes	Board member
Corporate Governance Committee	-	Esel Yıldız Çekin	No	Board member
Corporate Governance Committee	-	Recep Yılmaz Argüden	No	Board member
Corporate Governance Committee	-	Mehmet Hurşit Zorlu	No	Board member
Corporate Governance Committee	-	Affan Nomak	No	Not board member
Committee of Early Detection of Risk	-	Şevki Acuner	Yes	Board member
Committee of Early Detection of Risk	-	Hüseyin Faik Açıkalın	No	Board member
Committee of Early Detection of Risk	-	Tuğban İzzet Aksoy	No	Board member

4. BOARD OF DIRECTORS-III**4.5. Board Committees-II**

Specify where the activities of the audit committee are presented in your annual report or website [Page number or section name in the annual report/website]	Corporate Governance Principles Compliance Report / Part V - Board of Directors / 5.3 Number, Structure, and Independence of Committees Established within the Board of Directors / "a. Audit Committee"
Specify where the activities of the corporate governance committee are presented in your annual report or website [Page number or section name in the annual report/website]	Corporate Governance Principles Compliance Report / Part V - Board of Directors / 5.3 Number, Structure, and Independence of Committees Established within the Board of Directors / "b. Corporate Governance Committee"
Specify where the activities of the nomination committee are presented in your annual report or website [Page number or section name in the annual report/website]	Corporate Governance Principles Compliance Report / Part V - Board of Directors / 5.3 Number, Structure, and Independence of Committees Established within the Board of Directors / "b. Corporate Governance Committee"
Specify where the activities of the early detection of risk committee are presented in your annual report or website [Page number or section name in the annual report/website]	Corporate Governance Principles Compliance Report / Part V - Board of Directors / 5.3 Number, Structure, and Independence of Committees Established within the Board of Directors / "c. Early Detection of Risk Committee"
Specify where the activities of the remuneration committee are presented in your annual report or website [Page number or section name in the annual report/website]	Corporate Governance Principles Compliance Report / Part V - Board of Directors / 5.3 Number, Structure, and Independence of Committees Established within the Board of Directors / "b. Corporate Governance Committee"

4.6. Financial Rights

Specify where the operational and financial targets and their achievement are presented in your annual report [Page number or section name in the annual report]	"Board of Directors Report" and "Financial Review"
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	Investor Relations / Corporate / Policies/ Remuneration Policy
Specify where the individual remuneration for board members and senior executives are presented in your annual report [Page number or section name in the annual report]	Provided in the "Key management compensation" section of the Independent Auditors Report

Composition of Board Committees-II

Names Of The Board Committees	Name of committees defined as "Other" in the first column	The Percentage Of Non-executive Directors	The Percentage Of Independent Directors In The Committee	The Number Of Meetings Held In Person	The Number Of Reports On Its Activities Submitted To The Board
Audit Committee	-	100%	100%	4	5
Corporate Governance Committee	-	80%	20%	4	5
Committee of Early Detection of Risk	-	100%	67%	6	6

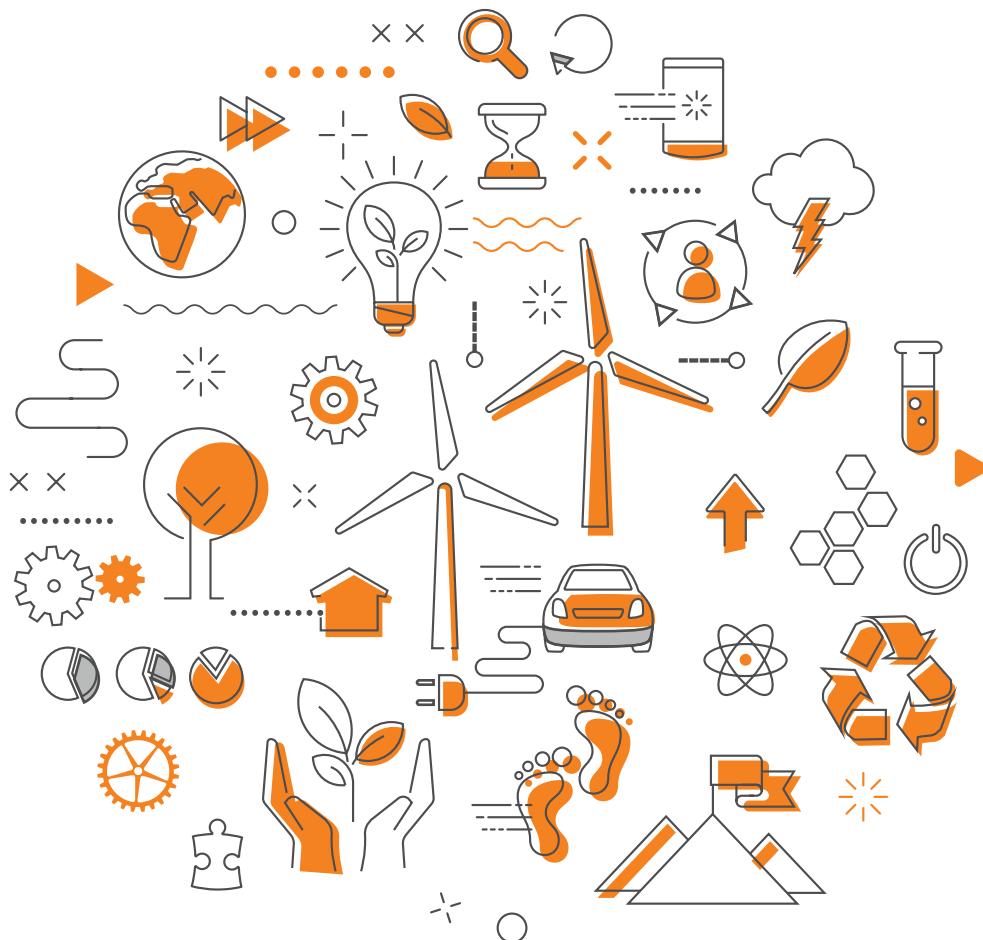
SUSTAINABILITY COMPLIANCE STATEMENT

Sustainability Principles Compliance Framework, which went into effect with its publication by the Capital Markets Board of Turkey (CMB) in 2020, sets out basic principles that are expected of statements which publicly-traded companies make concerning the conduct of their environmental, social, and corporate governance (ESG) operations. Although compliance with these principles is voluntary, companies are still required, in keeping with the CMB's "Comply or Explain" rule, either to report their compliance or else to explain why complying is not possible or in the best interests of the company.

Migros' approach to sustainability is the engine powering the realization of its goal to create value for all of its stakeholders and is therefore central to its business model as a company. Migros keeps a close watch on sustainability-related best practices, seeks to conform to such practices, and in this way strives to further improve its sustainability performance.

Migros already conforms to most of the principles and practices set out in the SPK Sustainability Principles Compliance Framework. Hence, many of the principles, which the framework treats as non-mandatory but for which non-compliance must be explained, are complied by the Company.

Company practices related to the Sustainability Principles Compliance Framework are presented in the "Sustainability" section of the Migros Annual Report. Furthermore, detailed information is also presented in the Sustainability Report pertaining to previous years, which is posted under the "Sustainability" tab on the Company's corporate website (www.migroskurumsal.com). The Integrated Report, which will be prepared instead of the sustainability report for 2021, will be released in July 2022.



SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

	Compliance Status			
	Yes	No	Partially	Explanations
A. General Principles				
A1. Strategy, Policy and Targets				
The Board of Directors will determine the ESG priority issues, risks, and opportunities, and establish the relevant ESG policies accordingly. Internal guidelines, work procedures, etc. may also be developed to ensure effective implementation of these policies. The decision regarding these policies are taken and disclosed publicly by the Board of Directors.	X			<p>The Migros Sustainability Committee, whose members are appointed by the CEO, manages, carries out, follows up, and quantifies sustainability-related matters with the guidance of the Migros Board of Directors. The committee considers any and all manner of legal, physical, environmental, operational, and socioeconomic risks and opportunities that may affect the company's existence and the conduct of its business. The committee monitors and analyzes pertinent sustainability-related issues and puts new practices into effect within the company.</p> <p>The Migros Environmental Policy is reviewed annually and its most recent version is published on the company's corporate website.</p> <p>Migros' Environmental Policy: https://www.migroskurumsal.com/en/about-us/our-policies#cevre-politikasi</p>
The Company will set its strategy aligned with the ESG policies, risks and opportunities. It will set and publicly disclose short- and long-term targets conforming to the Company strategy and ESG policies.	X			<p>A wide range of stakeholder opinions, especially those of the company's core stakeholder groups, are consulted and used when determining and prioritizing the impact of the company's activities. Research is regularly carried out and surveys are conducted among suppliers, employees, customers, and students in order to determine what the core stakeholders identified in line with Migros Sustainability Committee feedback expect of Migros with respect to sustainability. A final determination is made of the company's stakeholder strategies and sustainability priorities taking into account worldwide retailing-industry trends, global reports, national regulations, and the guidance of national and international non-governmental organizations of which the company is a member. Having set short, medium, and long-term goals related to sustainability focus issues, the company takes action in a variety of ways, develops projects, and working with its stakeholders comes up with solutions.</p>
A2. Execution/Monitoring				
The Company will determine and publicly disclose the committees/units in charge of executing the ESG policies. The responsible committee/unit will report the activities carried out as per the policies annually, and in any case, within the deadline set for the public disclosure of annual reports within the Board of Director's related guidelines.	X			All of the core functions of the company are equally represented on the Sustainability Committee, which reports its activities and developments, fulfillment of goals, and project results four times a year [once every quarter] to the CEO and to senior executives.

SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

Compliance Status				
	Yes	No	Partially	Explanations
The Company will create and publicly disclose implementation and action plans in line with the short-and long-term targets set.	X			<p>The Migros Better Future Plan is published on the corporate website.</p> <p>https://www.migroskurumsal.com/en/sustainability/migros-iyi-gelecek-plan</p>
The Company will define and announce ESG Key Performance Indicators [KPIs] comparatively by years. In the presence of verifiable data, KPIs will be presented together with local and international sectoral comparisons.	X			<p>The company has set reduction targets for carbon emissions, electricity consumption, water consumption, and food-loss rates. These targets are included under the heading of Key Sustainability Targets. Detailed information on 2021 performance will be presented in the Migros Integrated Report that is slated for publishing in July 2022.</p>
The Company will disclose the innovation activities for improving the Company's sustainability performance in relation to business processes or products and services.	X			<p>These matters are dealt with in annual and sustainability reports. Migros, which has published sustainability report in previous years, will publish its 2021 Integrated Report in July 2022 at https://www.migroskurumsal.com/en/sustainability/our-reports</p>
A3. Reporting				
The Company will report, and publicly disclose, its sustainability performance, targets and actions at least annually. It will disclose information on its sustainability activities within the annual report.	X			<p>This information is summarized in annual reports and presented in detail in Migros' GRI standards-compliant sustainability reports. The 2020 sustainability report appears on the corporate website at this time. The 2021 Integrated Report will be published in July 2022 at https://www.migroskurumsal.com/en/sustainability/our-reports. Sustainability-related information is also included in the investor presentations which the company releases four times a year.</p> <p>https://www.migroskurumsal.com/en/sustainability</p>
Essentially, the Company will use a direct and concise language in conveying material information so that stakeholders can easily understand the Company's position, performance and development. Detailed information and data can be disclosed separately on its website, and separate reports directly fulfilling the needs of diverse stakeholders can be drawn up.	X			<p>https://www.migroskurumsal.com/en/sustainability</p>
The Company will exercise utmost care with respect to transparency and reliability. It will objectively explain all developments related to material issues in disclosures and reportings within the scope of balanced approach.	X			<p>As required by BIST Sustainability Index and GRI rules, all data are disclosed showing three-year trends and all changes are explained. The company's CDP Climate Change and CDP Water program reports are publicly disclosed and all of the company's risk, opportunity, and scenario analyses are presented transparently.</p>

Compliance Status				
	Yes	No	Partially	Explanations
The Company will specify which United Nations [UN] 2020 Sustainable Development Goals its activities are linked to.	X			<p>The company's priority issues, the operational and sustainability-related activities in which it engages under those headings, and the Sustainable Development Goals [SDG] to which they are linked are presented in Migros' sustainability reports.</p> <p>Additionally, within the Migros Better Future Plan, the company's strategically important focus areas are matched with the SDGs to which it contributes.</p> <p>https://www.migroskurumsal.com/en/sustainability/migros-iyi-gelecek-plan</p> <p>A detailed discussion of Migros' SDG compliance is also given in the Anadolu Group's SDG compliance report published by its parent company Anadolu Endüstri Holding A.Ş.</p> <p>https://www.anadolugrubu.com.tr/Upload/Docs/SDG_Alignment_Report_Insert_2015-2020.pdf</p> <p>The SDG Map Turkey page also includes examples of our company's work on SDGs.</p> <p>https://sdgmapturkey.com/marka/migros/</p>
The Company will make disclosures regarding the lawsuits filed and/or concluded against the Company for environmental, social and governance matters.	X			All lawsuits of this nature which are filed against the company and/or which are concluded are announced on the Public Disclosure Platform as required by law or as may otherwise be deemed to be necessary.
A4. Validation				
The Company will make public its sustainability performance measurements, if verified by independent third parties [independent sustainability assurance providers], and will endeavor to increase such verifications.	X			The company's statements concerning its carbon emissions, compliance with human rights, and supplier audits are verified independently of the company.
B. Environmental Principles				
The Company will disclose its policies and implementations, action plans in relation to environmental management, and environmental management systems [known as ISO 14001 standard] and programs.	X			The company has been awarded ISO 14001 certification. Priority issues and action plans are disclosed in the Migros Better Future Plan. The targets are included under the heading of Key Sustainability Targets.
The Company will achieve compliance with laws and other applicable regulations on the environment, and will disclose the same.	X			The company complies with all environmental laws and regulations and states this clearly in its Environmental Policy. https://www.migroskurumsal.com/en/about-us/our-policies#cevre-politikasi
The Company will specify the scope of the environmental report, reporting period, date of report, data collection process and restrictions regarding reporting conditions to be covered in the report that will be prepared in accordance with the Sustainability Principles.	X			The scope of Migros' environmental report is the company's domestic operations. The report covers the period beginning on 1 January 2021 and ending on 31 December 2021.

SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

	Compliance Status			
	Yes	No	Partially	Explanations
The Company will disclose the highest-ranked individual in charge of environment and climate change at the Company, along with related committees and their respective roles.	X			The Migros Sustainability Committee, whose members are appointed by the CEO, manages, carries out, follows up, and quantifies sustainability-related matters with the guidance of the Migros Board of Directors.
The Company will disclose the incentives made available for the management of environmental matters, including achievement of targets.	X			Of the annual targets that are set for each of the company's core functions, at least one must be concerned with at least one sustainability issue, the degree of whose target-fulfillment has a direct impact on yearly performance bonuses.
The Company will explain integration of environmental matters in business targets and strategies.	X			Migros addresses sustainability-related environmental, social, and economic-priority issues, focus issues, and roadmap issues in its "Migros Better Future Plan". The company monitors and controls any environmental impact resulting from its operations and it engages in an ongoing effort aimed at minimizing such impact. The company's environmental management strategies, primary focus issues, and management processes are presented in detail in the Migros Environmental Policy. https://www.migroskurumsal.com/en/about-us/our-policies#cevre-politikasi
The Company will disclose sustainability performances associated with work processes or products and services, along with improvement steps therefor.	X			In addition to its primary environmental goals, the company engages in other environmental-sustainability efforts such as making the packaging of its private-label goods more eco-friendly. The company's efforts to support sustainable production, to increase its range of healthy food products, and to present product information transparently are also highlighted visually in the infocharts in the annual report. In addition to its primary environmental goals, the company engages in other efforts to support sustainable production, to increase its range of healthy food products, and to present product information transparently. Studies are carried out within the framework of the Private Label Brands Quality Policy and Responsible Sourcing Policy as well. https://www.migroskurumsal.com/en/about-us/our-policies#ozgun-markalar-kalite-politikasi https://www.migroskurumsal.com/en/about-us/our-policies#sorumlu-tedarik-politikasi
The Company will explain how environmental issues are managed not just with respect to its direct operations but throughout the Company's value chain, and how it integrates its suppliers and customers in its strategies.	X			All contracts which Migros enters into with suppliers in the conduct of its domestic operations stipulate rules pertaining to the prevention of bribery and corruption, to human rights and labor standards, to occupational health and safety, and to environmental protection. The company conducts annual ethical, social and environmental audits of its suppliers in compliance with GC Ethics and Social Compliance that also includes SEDEX criteria.

Compliance Status				
	Yes	No	Partially	Explanations
The Company will disclose whether it is involved in policy-making processes in universal issues [sectoral, regional, national and international], environmental associations that it is a member of, its collaborations with related organizations and NGOs, and the tasks it undertakes, if any, and the activities it supports, if any.	X			At the international level, the company is an active member of the Consumer Goods Forum [CGF]. At the national level and as required by governmental and municipal authorities, it is a member of Food Retailers Association [GPD], the Turkish Federation of Shopping Centers And Retailers [TAMPF], the International Investors Association [YASED], the Turkish Industry and Business Association [TÜSİAD], and the Union of Chambers & Commodity Exchanges of Turkey Retailing Council [TOBB], through which organizations it makes its views and opinions known.
The Company will periodically report information about its environmental impacts comparatively in the light of environmental indicators [GHG emissions [Scope-1 (Direct), Scope-2 (Indirect from purchased energy), Scope-3 (Other indirect)], air quality, energy management, water and wastewater management, waste management and biodiversity implications].			X	Information about all these matters is regularly reported. [See Sustainability Principles Compliance Framework - Tables]. As the company is not a manufacturer/producer, it makes no statements concerning its impact on air quality.
The Company will disclose the standards, protocols, methodology employed for collecting and calculating data, along with the details of the base year.	X			Carbon emissions are calculated and verified in accordance with the ISO 14064-3 standard and the GHG protocol. Food-loss rates are calculated as per the Food Recovery Hierarchy and the Food Loss & Waste Protocol. WRI Aqueduct tools are used to quantify water risks in the company's operational facilities.
The Company will disclose the status of environmental indicators for the reporting year in comparison to previous years [increase or decrease].	X			Year-on developments in environmental sustainability performance are presented for at least the most recent three years. The current status of environmental indicators is reported and compared with annual, medium, and long-term targets. [See Sustainability Principles Compliance Framework - Tables]
The Company will set, and disclose, its short- and long-term targets for mitigating its environmental impacts. These targets are recommended to be Science Based as suggested by the UN Climate Change Conference of the Parties. The Company will also provide information about the progress achieved, if applicable, in the reporting period with respect to the targets it has set previously.			X	It is not possible to realistically set total emission/consumption targets in emerging markets or for growing companies. For this reason, we present the company's targets on a "sales area m ² /day" basis instead.
The Company will disclose its strategy and actions to combat the climate crisis.	X			The company's goals and efforts in this area are presented in detail in its GRI standards-compliant sustainability reports and in its publicly-disclosed CDP Climate Change reports. The company has qualified as a CDP Turkey Climate Leader three times. [See: Extensive Combat Against Climate Change and Water Management]

SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

	Compliance Status			
	Yes	No	Partially	Explanations
The Company will explain its programs or procedures for preventing or minimizing the potential negative impacts of the products and/or services it offers; it will also explain its actions for driving reduction of GHG emission quantities of third parties.	X			<p>Life-cycle assessments and carbon-footprint measurements are carried out on a range of private label products that make up a part of its turnover from private-label goods. Efforts to make the packaging materials used for private-label products and by the company-owned MiGET meat-processing plant more sustainable are presented in detail. 25% r-pet is used in the packaging of 4 private label non-food products. Ammonia, a natural refrigerant, is used instead of hydrofluorocarbons in MiGET's refrigeration systems. Efforts are made to improve the efficiency of distribution and logistics operations in order to reduce their GHG emissions. [See table 3.]</p> <p>https://www.migroskurumsal.com/sustainabilityfiles/pdf/2020-Migros-Our-Effective-Waste-Management.pdf</p>
The Company will disclose the total number of actions taken, projects carried out and initiatives undertaken to mitigate its environmental impacts, along with the benefits/savings and cost savings derived on the same.	X			<p>All actions and performance results are presented in detail under the heading "Better for Our World" in GRI standards-compliant sustainability reports. The 2021 Integrated Report will be published in July 2022. The monetary savings generated by environment-related activities are presented in detail in CDP Climate Change and CDP Water reports.</p> <p>https://www.migroskurumsal.com/sustainabilityfiles/pdf/migros-sustainability-report-2020.pdf?v3</p>
The Company will report its total energy consumption data (excluding raw materials) and discloses its energy consumption in terms of Scope-1 and Scope-2.	X			<p>Details are presented in Sustainability Principles Compliance Framework - Tables.</p>
The Company will provide information about the electricity, heat, steam and cooling generated and consumed during the reporting period.	X			<p>The company does not consume or generate any heat, cooling, or steam for use as a secondary energy source. The company's consumption of electricity and other energy resources during 2021 is presented in Sustainability Principles Compliance Framework – Tables</p>
The Company will work towards increasing the use of renewable energy and transition to zero- or low-carbon electricity, and will explain these efforts.	X			<p>Feasibility studies concerning renewable energy are currently being carried out. Migros received the I-REC International Renewable Energy Certificate by providing 10% (60,000 MWh) of its electricity consumption in 2021 from renewable sources.</p>
The Company will disclose data on its renewable energy generation and consumption.	X			<p>Feasibility studies concerning renewable energy are currently being carried out. Migros received the I-REC International Renewable Energy Certificate by providing 10% (60,000 MWh) of its electricity consumption in 2021 from renewable sources.</p>

	Compliance Status			
	Yes	No	Partially	Explanations
The Company will develop energy-efficiency projects, and disclose the quantity reduced in energy consumption and emissions enabled by these efforts.	X			<p>Information about the studies carried out is available under the heading of " Extensive Combat Against Climate Change and Water Management ". All actions and performance results are presented in detail under the heading "Combating Climate Change & Our Energy Management" in GRI standards-compliant sustainability reports.</p> <p>https://www.migroskurumsal.com/sustainabilityfiles/pdf/2020-Migros-Combating-Climate-Change.pdf?v2</p> <p>The 2021 Integrated Report will be published on our company's corporate website in July 2022. The monetary savings generated by environment-related activities are presented in detail in CDP Climate Change and CDP Water reports.</p>
The Company will report on the quantity of underground or overground water withdrawn, consumed, recycled and discharged, the resources, and procedures [total water withdrawal on the basis of resources, water resources affected by water withdrawal, and percentage and total volume of recycled and reused water etc.].	X			Detailed information is presented in Sustainability Principles Compliance Framework - Tables.
The Company will disclose whether its operations or activities are included in any carbon pricing system [Emissions Trading System, Cap & Trade or Carbon Tax].	X			No operations or activities are included in any carbon pricing system. However some company-internal price-assessment is based on pricings determined within the framework of the Ministry of Environment and Urbanization's Partnership For Readiness (PMR) program which is a roadmap for the consideration of establishment a Greenhouse Gas Emissions Trading System in Turkey.
The Company will disclose the carbon credits saved or purchased during the reporting period.	X			The company has neither saved nor purchased any carbon credits.
The Company will disclose the details if carbon pricing is applied at the Company.	X			Some company-internal price-assessment is based on pricings determined within the framework of the Ministry of Environment and Urbanization's Partnership For Readiness (PMR) program.
The Company will specify all compulsory and voluntary platforms that it reports its environmental information to.	X			The company publicly discloses such information in its annual, sustainability and integrated reports, to the CDP Climate Change and CDP Water programs, and in the context of its sustainability-related activities on its corporate website.

SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

Compliance Status			
	Yes	No	Partially
C. Social Principles			
C1. Human Rights and Workers' Rights			
The Company will develop a Company Human Rights and Employee Rights Policy, which pledges full compliance with the Universal Declaration of Human Rights, ILO Conventions ratified by Turkey, and regulatory framework and legislation governing human rights and work life in Turkey. It will also make public the said policy, and the roles and responsibilities for its implementation.	X		<p>The company has developed and publicly disclosed a Human Rights & Equality of Opportunity Policy and a Human Resources Policy, both of whose implementation is overseen by the office of the CHRO. Compliance with these policies is regularly monitored by the Internal Audit Department and reported to senior management.</p> <p>https://www.migroskurumsal.com/en/about-us/our-policies#insan-haklari-ve-firsat-esitligi-politikasi</p> <p>https://www.migroskurumsal.com/en/about-us/our-policies#insan-kaynaklari-politikasi</p>
The Company will secure equal opportunities in recruitment processes. In its policies, it will incorporate equitable workforce, improving working standards, women's employment and inclusion [not discriminating on the basis of women, men, faith, language, ethnicity, age, disabilities, refugees, etc.], while looking out for the implications for the supply and value chain at the same time.	X		<p>All these issues are dealt with in detail in the company's Human Rights & Equality of Opportunity Policy and in its Human Resources Policy. The company has any statements that it makes concerning human rights compliance independently verified.</p> <p>https://www.migroskurumsal.com/en/about-us/our-policies#insan-haklari-ve-firsat-esitligi-politikasi</p> <p>https://www.migroskurumsal.com/en/about-us/our-policies#insan-kaynaklari-politikasi</p>
The Company will explain the measures taken throughout the value chain for protecting the rights of groups susceptible to certain economic, environmental, social factors [e.g. low-income groups, women, etc.] or for securing minority rights/equal opportunities.	X		<p>The company's activities concerning gender equality and equality of opportunity are presented in detail under the heading of "Gender & opportunity equality and in sustainability reports.</p> <p>https://www.migroskurumsal.com/sustainabilityfiles/pdf/2020-Migros-Gender-Equality-and-Equal-Opportunities.pdf</p>
The Company will report on progress in relation to actions for preventing and remedying discrimination, inequalities, human rights violations and forced labor. It will explain the actions to prevent child labor.	X		<p>The company absolutely prohibits any forced or child labor and any discrimination in the conduct of any of its operations; it also has any statements that it makes concerning such matters independently verified. No instances of noncompliance on such matters were cited in the company's most recent verified sustainability report [2020], which concludes with an Independent Assurance Statement. The 2021 Integrated Report will be published on our company's corporate website in July 2022.</p> <p>https://www.migroskurumsal.com/sustainabilityfiles/pdf/migros-sustainability-report-2020.pdf?v3</p>

	Compliance Status			
	Yes	No	Partially	Explanations
The Company will disclose its policies regarding investments made in employees [training, development policies], employee compensation, fringe benefits granted, the right to unionize, work-life balance solutions and talent management. It will establish the mechanisms for resolution of employee complaints and labor disputes, and determine conflict resolution processes. The Company will regularly disclose the activities for ensuring employee satisfaction.	X			<p>The company's approach and practices regarding the subject are included under the heading of "Compliance with corporate governance policies". In addition, 2021 data is presented in the infographic summary in the Annual Report.</p> <p>Matters pertaining to the company's investments in its employees' development are presented in detail under the headings of "Our Employee Profile" and "Empowering Our Employees" in the sustainability report.</p> <p>https://www.migroskurumsal.com/sustainabilityfiles/pdf/2020-Migros-Our-Employee-Profile.pdf</p> <p>The company has published a Severance Policy.</p> <p>https://www.migroskurumsal.com/en/about-us/our-policies#tazminat-politikasi</p>
The Company will establish and publicly disclose occupational health and safety policies. It will disclose the measures adopted for protection against workplace accidents and for protecting occupational health, along with statistical data on accidents.	X			<p>The company has published an Occupational Health and Safety Policy. 2021 work-related accident statistics are presented in Sustainability Principles Compliance Framework - Tables.</p> <p>https://www.migroskurumsal.com/en/about-us/our-policies#is-sagligi-ve-guvenligi</p>
The Company will establish and publicly disclose personal data protection and data security policies.	X			<p>The company has published Personal Data Protection and Processing Policy, Personal Data Storage and Disposal Policy, Privacy and Data Security Policy and Information Security Policy.</p> <p>https://www.migroskurumsal.com/hakkimizda/politikalarimiz#kisisel-verilerin-korunmasi-ve-islenmesi-politikasi</p> <p>https://www.migroskurumsal.com/hakkimizda/politikalarimiz#kisisel-verilerin-saklama-ve-imha-politikasi</p> <p>https://www.migroskurumsal.com/en/about-us/our-policies#gizlilik-ve-veri-guvenligi</p> <p>https://www.migroskurumsal.com/en/about-us/our-policies#bilgi-guvenlik-politikasi</p>
The Company will establish and publicly disclose a code of ethics [including business, work conduct, compliance processes, advertising and marketing ethics, clear disclosure efforts etc.].	X			<p>The company has published both a Migros Code of Ethics and an Anti-Bribery and Anti-Corruption Policy.</p> <p>https://www.migroskurumsal.com/en/about-us/our-policies#migros-etik-kurallari</p> <p>https://www.migroskurumsal.com/en/about-us/our-policies#rusvet-ve-yolsuzlukla-mucadele-politikasi</p>
The Company will disclose its activities and initiatives in relation to community investments, social responsibility, financial inclusion and access to finance.	X			<p>Information about the company's social responsibility projects is presented on the corporate website. The company's activities in this area during 2021 are highlighted visually in the infocharts in the annual report.</p> <p>https://www.migroskurumsal.com/en/sustainability</p>

SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

Compliance Status				
	Yes	No	Partially	Explanations
The Company will organize information meetings and training programs for employees about ESG policies and implementations.	X			Company-policy and implementation-related training is provided both online and during information meetings at regular intervals. Details are highlighted visually in the infocharts in the annual report.
C2. Stakeholders, International Standards and Initiatives				
The Company will carry out its activities in relation to sustainability taking into consideration the needs and priorities of all its stakeholders [employees, customers, suppliers and service providers, public institutions, shareholders, society and NGOs, etc.].	X			The company's inputs, activities, outputs and the values it delivers to its main stakeholders under the 6 main capital groups are given in detail in the Value Creation Model. https://www.migroskurumsal.com/sustainabilityfiles/pdf/2020-Migros-Our-Value-Creation-Model.pdf
The Company will develop and publicly disclose a customer satisfaction policy regarding customer complaints handling and resolution.	X			Information about the company's approach and activities concerning these matters is provided in sustainability reports under the heading "Effective Communication with Our Customer". https://www.migroskurumsal.com/sustainabilityfiles/pdf/migros-sustainability-report-2020.pdf?v3
The Company will maintain continuous and transparent communication with stakeholders; it will disclose with which stakeholders it communicates for what purpose, about which topic and how often, as well as the progress achieved in sustainability-related activities.	X			The company's activities in this area during 2021 are highlighted visually in the infocharts in the annual report. As required by GRI standards, information about which stakeholders the company communicates with, through what channels, and with what frequency is presented under the heading "Communication with Our Stakeholders" in sustainability reports. https://www.migroskurumsal.com/sustainabilityfiles/pdf/migros-sustainability-report-2020.pdf?v3
The Company will publicly disclose the international reporting standards it has embraced [Carbon Disclosure Project (CDP), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Task Force on Climate-related Financial Disclosures (TCFD) etc.].	X			The company reports its performance to the CDP Climate Change and CDP Water programs. Migros has prepared its 2016, 2017, 2018, 2019, 2020 Sustainability Reports in line with GRI standards. In 2021, the sustainability report will be replaced by the Integrated Report. The company will publish its Integrated Report, which will be prepared in line with GRI standards, on its corporate website in July 2022.
The Company will publicly disclose the institutions or principles that it is a member or signatory of [Equator Principles, UN Environment Programme Finance Initiative (UNEP-FI), UN Global Compact (UNGC), UN Principles for Responsible Investment (UNPRI) etc.], and the international principles it embraces [such as International Capital Markets Association (ICMA) Green/Sustainability Bonds Principles].	X			Migros is a member of the Food Waste, Collaboration for Healthier Lives, Product Data coalitions at the Consumer Goods Forum. Migros has also committed itself to support the "CEO Pledge" initiative of LEAD Network.

Compliance Status				
	Yes	No	Partially	Explanations
The Company will spend concrete efforts to qualify for inclusion in Borsa İstanbul Sustainability Index and international sustainability indices [Dow Jones Sustainability Index, FTSE4Good, MSCI ESG Indices etc.].	X			The company is the only food retailer whose shares have been included in the Borsa İstanbul's BIST Sustainability Index for eight years in a row. Its shares have also been included in the FTSE4Good Emerging Index three times.
D. Governance Principles				
The Company will spend maximum efforts to achieve compliance with all Corporate Governance Principles, in addition to compulsory ones under the Capital Markets Board of Turkey [CMB] Corporate Governance Communiqué No. II-17.1.	X			These issues are dealt with as required by the Corporate Governance Committee, which reports to the Board of Directors.
The Company will take into consideration the sustainability issue, environmental impacts of its operations and associated principles when setting its corporate governance strategy.	X			The Board of Directors is responsible for determining the company's strategic approaches when dealing with each of the sustainability issues appearing in prioritization matrixes. The CEO is responsible for implementing these strategies and fulfills that responsibility together with the senior management team. In addition, the Sustainability Committee, appointed by the CEO acting on behalf of the Board of Directors, manages, carries out, follows up, and quantifies sustainability-related matters. When determining corporate governance strategies, the company takes the environmental impact of its operations and associated principles into consideration.
The Company will take the necessary actions for achieving compliance with the principles related to stakeholders as stipulated in the Corporate Governance Principles and for strengthening communication with stakeholders. It will seek stakeholders' opinions for determining the sustainability-related measures and strategies.	X			The Corporate Governance Committee, which reports to the Board of Directors, organizes and takes such measures as are needed to deal with these matters. When preparing prioritization matrixes, workshops, surveys, and research is carried out to identify the expectations of suppliers, customers, and employees.
The Company will work on the sustainability issue through social responsibility projects, awareness activities and training, and on heightening awareness of the importance of this issue.	X			Information about the company's social responsibility projects in 2021 is presented both under the heading of "Sustainability projects" and in the infocharts in the annual report. https://www.migroskurumsal.com/en/sustainability
The Company will spend efforts to become a member of sustainability-related international standards and initiatives and to contribute to related studies and efforts.	X			The conduct of the company's operations is informed by its memberships in the Consumer Goods Forum and the LEAD Network. The company reports those operations in compliance with Sustainable Development Goals, GRI standards, IIRC standards, BIST Sustainability Index, and CDP Climate Change and Water program requirements.
The Company will disclose its anti-bribery and anti-corruption policy and programs, as well as those on the tax integrity principle.	X			Detailed information is presented under the heading of "Compliance with corporate governance policies". The company has published an Anti-Bribery and Anti-Corruption Policy. https://www.migroskurumsal.com/en/about-us/our-policies#rusvet-ve-yolsuzlukla-mucalede-politikasi

SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK - TABLES



Migros deals with issues pertaining to combating climate change, to transitioning to a low-carbon economy, and to sustainability within the overall framework of international norms, national legal obligations, Sustainable Development Goals, and Consumer Goods Forum principles.

Corporate Greenhouse Gas Emissions of by Years*

Corporate Greenhouse Gas Emissions of our Turkey Operations by Years

Source	2019	2020	2021
Scope 1 [mtCO ₂ e]	265,118	267,998	234,659
Scope 2 [mtCO ₂ e]	244,463	236,014	246,291
Scope 3** [mtCO ₂ e]	103,988	98,613	9,567,159
Total [mtCO₂e]	613,569	602,625	10,048,109

Daily CO₂ Emissions per m² of Sales Area* [kgCO₂e]



* CO₂ savings of previous years have been readjusted by normalizing with 2021 Defra coefficients.

** Scope 3 emissions include emissions from Flights, Wastes, Transport, Sanal Market Vehicles, Personnel Shuttles, Customer Services and out-of-scope energy consumption in 2019 and 2020. In 2021, the carbon emissions of the products sold have been added to this calculation.

Energy Consumption by Source [MWh]

Source	2019	2020	2021
Electricity	565,249	506,359	528,407
Natural Gas	7,956	14,890	12,681
Diesel	15,025	11,050	11,398
Gasoline	788	3,129	4,116
Total	589,018	535,428	556,602

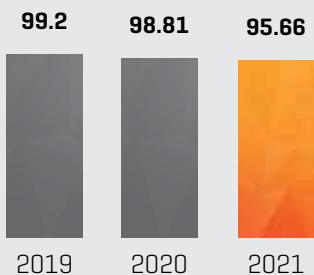
Water Consumption Rates

Daily Water Consumption per m² of Sales Area
[m³]

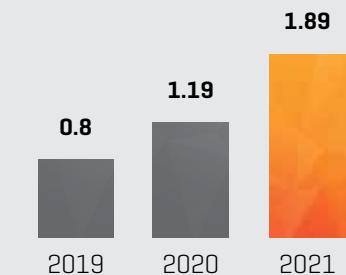


Water Discharge Rates

Discharged to Sewers
[%]

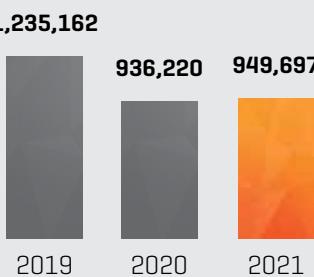


Discharged to Water Bodies (Other)
[%]

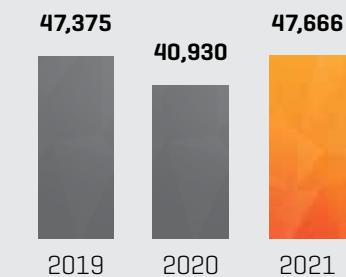


Water Consumption by Source

Mains Water
[m³]



Well Water
[m³]

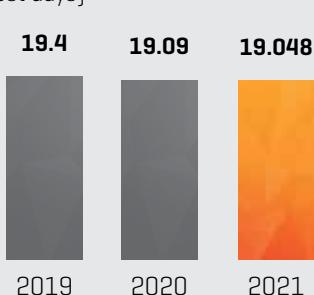


Work Accidents by Type of Injury

	2019	2020	2021
Cuts and lacerations	33	31%	30%
Slips, trips and falls	15	14%	19%
Being hit by falling objects	8	11%	13%
Crushes	6	5%	6%
Collisions and crashes	9	10%	13%
Others	29	30%	20%
Fatal accident rate	0	0	0

OHS Performance

Work Accident Severity Rate
[lost days]



Work Accident Severity Rate
[lost hours]



[CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH]

INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT

General Assembly of Migros T.A.Ş.

1] Opinion

As we have audited the full set consolidated financial statements of Migros T.A.Ş. ("the Company") and its subsidiaries ("the Group") for the period between 1 January 2021–31 December 2021, we have also audited the annual report for the same period.

In our opinion, the consolidated financial information provided in the Management's annual report and the Management's discussions on the Group's financial performance, are fairly presented in all material respects, and are consistent with the full set audited consolidated financial statements and the information obtained from our audit.

2] Basis for Opinion

We conducted our audit in accordance with the standards on auditing issued by Capital Markets Board and the Standards on Independent Auditing ("SIA") which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibility is disclosed under Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report in detail. We declare that we are independent from the Group in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") issued by POA and ethical provisions stated in the regulation of audit. We have fulfilled other responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

3] Auditor's Opinion for the Full Set Consolidated Financial Statements

We have presented unqualified opinion for the Group's full set consolidated financial statements for the period between 1 January 2021–31 December 2021 in our Auditor's Report dated 1 March 2022.

4] Management's Responsibility for the Annual Report

The Group's Management is responsible for the following in accordance with Article 514 and 516 of the Turkish Commercial Code No. 6102 ("TCC") and "Communiqué on Principles of Financial Reporting in Capital Markets" with No.14.1 of the Capital Markets Board ("the Communiqué"):

- a) Preparing the annual report within the three months following the reporting date and presenting it to the General Assembly,
- b) Preparing the annual report with the all respects of the Group's flow of operations for that year and the Group's consolidated financial performance accurately, completely, directly and fairly. In this report, the consolidated financial position is assessed in accordance with the consolidated financial statements. The Group's development and risks that the Group may probably face are also pointed out in this report. The Board of Director's evaluation on those matters are also stated in this report.

c) The annual report also includes the matters stated below:

- The significant events occurred in the Group's activities subsequent to the financial year ends,
- The Group's research and development activities,
- The compensation paid to key management personnel and members of Board of Directors including financial benefits such as salaries, bonuses and premiums, allowances, travelling, accommodation and representation expenses, in cash and kind facilities, insurances and other similar guarantees.

The Board of Directors also considers the secondary regulations prepared by the Ministry of Trade and related institutions while preparing the annual report.

5) Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report

Our aim is to express an opinion and prepare a report about whether the Management's discussions and consolidated financial information in the annual report within the scope of the provisions of the TCC and the Communiqué are fairly presented and consistent with the information obtained from our audit.

We conducted our audit in accordance with the standards on auditing issued by Capital Markets Board and the SIA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Management's discussions on the Group's financial performance, are fairly presented in all material respects, and are consistent with the full set audited consolidated financial statements and the information obtained from our audit

The engagement partner on the audit resulting in this independent auditor's report is Tolga Sirkecioğlu.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of DELOITTE TOUCHE TOHMATSU LIMITED

Tolga Sirkecioğlu
Partner

İstanbul, 11 March 2022

Migros Ticaret A.Ş. and its Subsidiaries

**Convenience Translation into English of
Consolidated Financial Statements as of 31 December 2021**

[Originally issued in Turkish]

[CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH]

Independent Auditor's Report

To the General Assembly of Migros T.A.Ş.

A] Report on the Audit of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of Migros T.A.Ş. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Financial Reporting Standards (TFRS).

2) Basis for Opinion

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

Independent Auditor's Report

3] Key Audit Matters

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

Key Audit Matter	How the matter was addressed in the audit
<p>TFRS 16, application of Leases standard and evaluation of the significant judgments and estimations</p> <p>Right of use assets amounting to TL 2.785.466 thousand and lease liabilities amounting to 3.108.445 thousand TL were recognized in the consolidated financial statements as of 31 December 2021.</p> <p>The amounts recognized as a result of the application of TFRS 16 are significant in terms of consolidated financial statements and the issue of determining the accounting policies depends on the Group management's choices. In addition, the calculation of the right-of-use assets and related lease liabilities includes important estimates and assumptions of the management. The most important of these assumptions are the evaluation of the options for extending the lease terms, early termination, and interest rate.</p> <p>Considering the aforementioned reasons, the effects of the application of TFRS 16 on the consolidated financial statements and the notes related to the consolidated financial statements have been identified as an important issue for our audit.</p> <p>Please refer to notes 2.2, and 13 to the consolidated financial statements for the relevant disclosures, including the accounting policy and related amounts.</p>	<p>We performed the following procedures in relation to TFRS 16 and evaluation of the significant estimates and assumptions:</p> <ul style="list-style-type: none"> • Understanding and evaluating the important processes affecting financial reporting regarding the TFRS 16 Standard, • Testing the reports received from the system for the completeness of the contract lists, • Recalculation of the right of use assets and lease liabilities, which are accounted for in the consolidated financial statements by taking into account the lease contracts within the scope of TFRS 16, • Audit of the appropriateness of the rent increase rate, interest rates etc. used in these calculations, • To check the appropriateness of the evaluation of the matters related to the duration of the lease contracts and the extension options used in these calculations by selecting the sample contracts subject to the calculation of the right-of-use assets and the lease liabilities, • Testing of the disclosures in the consolidated financial statements in relation to TFRS 16 and evaluating the adequacy of these disclosures for TFRS 16 requirements.

3] Key Audit Matters [cont'd]

Key Audit Matter	How the matter was addressed in the audit
<p>Impairment test of goodwill</p> <p>As of 31 December 2021, goodwill amounting to TL 2.252.992 thousand is included in the consolidated financial statements. In accordance with TFRS, this goodwill should be tested for impairment annually.</p> <p>Goodwill is a material amount in terms the consolidated financial statements and significant judgments and estimates are used in the impairment test performed by the management. The assumptions used in the impairment test are, growth forecasts for earnings before interest, tax, depreciation and amortization ("EBITDA"), long term growth rates and discount rates used to discount the cash flows. The outcome of such estimates is very sensitive to changes in market conditions. The impairment test is determined as key audit matter for our audit due to the fact that the amount is material and includes significant judgments and estimations.</p> <p>Please refer to Notes 2 and 12 to the consolidated financial statements for the relevant disclosures, including the accounting policy and sensitivity analysis.</p>	<p>We performed the following procedures in relation to the impairment test goodwill:</p> <ul style="list-style-type: none"> • Evaluating the appropriateness of the Cash Generating Units ("CGUs") determined by the management, • Determining whether the cash flow estimates prepared for each cash-generating unit are reasonable by comparing them with past financial performance, • Through involvement of our internal valuation specialists, assessing the reasonableness of key assumptions, including long term growth rates, discount rates, benchmarking these against rates used in the retail sector and sensitivity analysis, • Testing of the setup of the discounted cash flow models and their mathematical accuracy, • Evaluating management forecasts and future plans based on macroeconomic information by discussion with the Group management, • Testing of the disclosures in the consolidated financial statements in relation to goodwill, and evaluating the adequacy of these disclosures for TFRS requirements.

Independent Auditor's Report

4) Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

5) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our objectives are to obtain reasonable assurance about whether the consolidated 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 the standards on auditing issued by Capital Markets Board and SIA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 consolidated financial statements.

As part of an audit in accordance with the standards on auditing issued by Capital Markets Board and SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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.]

5] Auditor's Responsibilities for the Audit of the Consolidated Financial Statements [cont'd]

- 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated 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.

Independent Auditor's Report

B) Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 398 of the Turkish Commercial Code No. 6102 ("TCC"), the auditor's report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Company on 1 March 2022.

In accordance with paragraph four of the Article 402 of TCC, nothing has come to our attention that may cause us to believe that the Group's set of accounts and financial statements prepared for the period 1 January-31 December 2021 does not comply with TCC and the provisions of the Company's articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor's report is Tolga Sirkecioğlu.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of DELOITTE TOUCHE TOHMATSU LIMITED

Tolga Sirkecioğlu, SMMM

Partner

İstanbul, 1 March 2022

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Migros Ticaret A.Ş. and its Subsidiaries**Consolidated Statement of Financial Position
As at 31 December 2021**

[Tutarlar aksi belirtilmedikçe bin Türk Lirası ("TL") olarak ifade edilmiştir.]
 [TL dışındaki para birimleri, aksi belirtilmedikçe bin olarak belirtilmiştir.]

	Notes	Audited 31 December 2021	Audited 31 December 2020
ASSETS			
Current assets:			
Cash and cash equivalents	4	3,632,341	3,230,793
Financial investments	5	2,596	5,879
Trade receivables	6	177,905	174,525
- <i>Trade receivables from related parties</i>	25	4,067	154
- <i>Trade receivables from third parties</i>		173,838	174,371
Other receivables	7	41,729	27,854
- <i>Other receivables from third parties</i>		41,729	27,854
Derivative instruments		14,611	5,174
Inventories	8	4,675,317	3,339,580
Prepaid expenses	9	154,988	114,183
Other current assets		4,237	10,318
Sub total		8,703,724	6,908,306
Assets held for sale	32	-	422,615
Total current assets		8,703,724	7,330,921
Non-current assets:			
Financial investments	5	97,059	10,815
Other receivables	7	5,530	4,913
- <i>Other receivables from third parties</i>		5,530	4,913
Derivative instruments		8,423	8,249
Property, plant and equipment	10	3,750,426	2,772,744
Intangible assets		2,462,011	2,439,671
- <i>Goodwill</i>	12	2,252,992	2,252,992
- <i>Other intangible assets</i>	11	209,019	186,679
Prepaid expenses	9	20,579	21,002
Right-of-use assets	13	2,785,466	2,789,744
Deferred tax assets	23	267,107	-
Total non-current assets		9,396,601	8,047,138
Total assets		18,100,325	15,378,059

Migros Ticaret A.Ş. and its Subsidiaries**Consolidated Statement of Financial Position****As at 31 December 2021**

[Tutarlar aksi belirtilmedikçe bin Türk Lirası ("TL") olarak ifade edilmiştir.]
 [TL dışındaki para birimleri, aksi belirtilmedikçe bin olarak belirtilmiştir.]

	Notes	Audited 31 December 2021	Audited 31 December 2020
LIABILITIES			
Current liabilities:			
Short term borrowings		715,860	1,144,343
- <i>Bank loans</i>	14	715,860	1,144,343
Short-term portion of long-term borrowings		1,328,799	1,011,299
- <i>Bank loans</i>	14	569,464	413,522
- <i>Lease liabilities</i>	13	759,335	597,777
Trade payables	6	9,581,881	7,339,394
- <i>Trade payables to related parties</i>	25	312,468	280,013
- <i>Trade payables to third parties</i>		9,269,413	7,059,381
Payables related to employee benefits	16	291,750	239,125
Other payables	7	225,021	178,714
- <i>Other payables to third parties</i>		225,021	178,714
Derivative instruments		-	4,760
Deferred income	9	214,363	142,332
Current tax liability	23	49,285	8,208
Short-term provisions		698,608	257,013
- <i>Short-term provisions for employee benefits</i>	16	187,690	158,126
- <i>Other short-term provisions</i>	15	510,918	98,887
Other current liabilities		3,431	1,389
Sub total		13,108,998	10,326,577
Liabilities regarding assets classified for sale	32	-	76,374
Total current liabilities		13,108,998	10,402,951
Non-current liabilities:			
Long-term borrowings		4,035,105	4,616,639
- <i>Bank loans</i>	14	1,685,995	2,279,885
- <i>Lease liabilities</i>	13	2,349,110	2,336,754
Other payables	7	25,877	29,232
- <i>Other payables to third parties</i>		25,877	29,232
Deferred income	9	10,727	25,081
Long-term provisions		383,554	257,690
- <i>Long-term provisions for employee benefits</i>	16	383,554	257,690
Deferred tax liabilities	23	-	13,005
Total non-current liabilities		4,455,263	4,941,647
Total liabilities		17,564,261	15,344,598
EQUITY			
Attributable to equity holders of parent		536,064	31,061
Share capital	24	181,054	181,054
Other reserves		(365)	(365)
Treasury shares	24	(125,435)	(125,435)
Additional contribution to share capital		22,074	22,074
Other accumulated comprehensive income or expenses that will not be reclassified in profit or loss		715,126	406,218
- <i>Defined benefit plans re-measurement losses</i>		1,118	(3,042)
- <i>Revaluation fund of property, plant and equipment</i>		714,008	409,260
Other accumulated comprehensive income or expenses that will be reclassified in profit or loss		48,990	256,000
- <i>Foreign currency translation differences</i>		48,990	256,000
Restricted reserves appropriated from profit		250,582	111,249
Accumulated losses		(914,843)	(416,750)
Net profit/(loss) for the period		358,881	(402,984)
Non-controlling interest		-	2,400
Total equity		536,064	33,461
Total liabilities and equity		18,100,325	15,378,059

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

Migros Ticaret A.Ş. and its Subsidiaries**Consolidated Statement of Profit or Loss****For the Period 1 January - 31 December 2021**

[Tutarlar aksi belirtilmedikçe bin Türk Lirası ("TL") olarak ifade edilmiştir.]

[TL dışındaki para birimleri, aksi belirtilmedikçe bin olarak belirtilmiştir.]

	Notes	Audited 1 January- 31 December 2021	Audited 1 January- 31 December 2020
Revenue	17	36,272,243	28,790,190
Cost of sales [-]	17	(27,517,740)	(22,018,975)
Gross profit		8,754,503	6,771,215
General administrative expenses [-]	18	[451,110]	[355,401]
Marketing expenses [-]	18	[6,316,398]	[5,034,752]
Other operating income	19	456,814	295,523
Other operating expense [-]	19	[1,584,691]	[642,633]
Operating profit		859,118	1,033,952
Income from investment activities	20	225,210	48,146
Expenses from investment activities [-]	20	[9,472]	[19,397]
Operating income before finance income/[expense]		1,074,856	1,062,701
Financial income	21	267,008	303,192
Financial expense [-]	22	[1,116,377]	[1,586,598]
Profit/[loss] before tax from continuing operations		225,487	[220,705]
Tax income/[expense] from continuing operations		132,716	[183,240]
- Income tax expense	23	[191,852]	[192,269]
- Deferred tax income	23	324,568	9,029
Profit/[Loss] from Continuing Operations		358,203	[403,945]
Profit from Discontinued Operations		678	996
Profit/[Loss] for the Period		358,881	[402,949]
Loss for the period attributable to:			
- Non-controlling interest		-	35
- Equity holders of parent	26	358,881	[402,984]
Loss per share [TRL] from continuing operations	26	1.98	[2.23]
Profit per share [TRL] from discontinued operations	26	0.00	0.01

Migros Ticaret A.Ş. and its Subsidiaries**Consolidated Statements of Other Comprehensive Income****For the Period 1 January - 31 December 2021**

[Tutarlar aksi belirtilmedikçe bin Türk Lirası ("TL") olarak ifade edilmiştir.]

[TL dışındaki para birimleri, aksi belirtilmedikçe bin olarak belirtilmiştir.]

	Notes	Audited 1 January- 31 December 2021	Audited 1 January- 31 December 2020
Loss for the period		358,881	[402,949]
Other comprehensive income/[expense] that may not be reclassified subsequently to profit or loss			
- Defined benefit plan re-measurement profits/[losses]		5,200	13,966
- Revaluation fund of property, plant and equipment		389,851	[16,275]
Other income that may not be reclassified to profit or loss		2,640	-
Taxes related to other comprehensive income/[expense] not to be reclassified to profit or loss			
- Defined benefit plan re-measurement [losses]/gains, tax effect		[1,040]	[2,793]
- Revaluation fund of property, plant and equipment, tax effect		[46,270]	3,995
Other comprehensive income to be reclassified to profit or loss			
- Foreign currency translation differences		[206,659]	83,349
Other comprehensive income, after tax		143,722	82,242
Total comprehensive income/[expense]		502,603	[320,707]
Total comprehensive income/[expense] attributable to:			
- Non-controlling interests		[2,400]	735
- Equity holders of parent		505,003	[321,442]

Migros Ticaret A.Ş. and its Subsidiaries**Consolidated Statement Of Changes In Equity
For The Period 1 January - 31 December 2021**

[Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.]

[Currencies other than TL are expressed in thousands unless otherwise indicated.]

[Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish]

	Share capital	Other capital reserves	Treasury shares	Additional contribution to share capital	Defined benefit plans	Other comprehensive income/expenses not to be reclassified to profit or loss	Increase/(decrease)
							reevaluation of tangible assets
Balances as of 1 January 2020 [Restated] (*)	181,054	(365)	(125,435)	22,074	[14,215]	652,137	
Transfers	-	-	-	-	-	-	[230,597]
Total comprehensive expense	-	-	-	-	11,173	[12,280]	-
Net loss for the period	-	-	-	-	-	-	-
Foreign currency translation differences	-	-	-	-	-	-	-
Loss on revaluation and measurement	-	-	-	-	11,173	-	-
Revaluation fund of property, plant and equipment	-	-	-	-	-	-	[12,280]
Balances as of 31 December 2020	181,054	(365)	(125,435)	22,074	[3,042]	409,260	
Balances as of 1 January 2021	181,054	(365)	(125,435)	22,074	[3,042]	409,260	
Transfers	-	-	-	-	-	-	[41,473]
Total comprehensive expense	-	-	-	-	4,160	346,221	-
Net loss for the period	-	-	-	-	-	-	-
Foreign currency translation differences	-	-	-	-	-	-	-
Increase/(decrease) due to loss of control in subsidiaries	-	-	-	-	-	-	-
Gain on revaluation and measurement	-	-	-	-	4,160	-	-
Revaluation fund of property, plant and equipment	-	-	-	-	-	-	346,221
Balances as of 31 December 2021	181,054	(365)	(125,435)	22,074	1,118	714,008	

Other comprehensive income/expenses to be reclassified to profit or loss	Retained earnings						Total equity
	Cumulative translation losses	Restricted reserves	Accumulated losses	Net loss for the period	Attributable to equity holders of the parents	Non-controlling interests	
176,102	23,771	[101,808]	[460,812]	352,503	1,665		354,168
[2,751]	87,478	[314,942]	460,812	-	-		-
82,649	-	-	[402,984]	[321,442]	735		[320,707]
-	-	-	[402,984]	[402,984]	35		[402,949]
82,649	-	-	-	82,649	700		83,349
-	-	-	-	11,173	-		11,173
-	-	-	-	[12,280]			[12,280]
256,000	111,249	[416,750]	[402,984]	31,061	2,400		33,461
256,000	111,249	[416,750]	[402,984]	31,061	2,400		33,461
[2,751]	139,333	[498,093]	402,984	-	-		-
[204,259]	-	-	358,881	505,003	[2,400]		502,603
-	-	-	358,881	358,881	-		358,881
1,484	-	-	-	1,484	-		1,484
[205,743]	-	-	-	[205,743]	[2,400]		[208,143]
-	-	-	-	4,160	-		4,160
-	-	-	-	346,221	-		346,221
48,990	250,582	[914,843]	358,881	536,064	-		536,064

Migros Ticaret A.Ş. and its Subsidiaries**Consolidated Statements of Cash Flows****For the Period 1 January - 31 December 2021**

[Tutarlar aksi belirtilmedikçe bin Türk Lirası ("TL") olarak ifade edilmiştir.]

[TL dışındaki para birimleri, aksi belirtilmedikçe bin olarak belirtilmiştir.]

		Audited 1 January- 31 December 2021	Audited 1 January- 31 December 2020
Notes		358,881	(402,949)
	Cash flow from operating activities:		
	Profit/[Loss] for the Period	358,881	(402,949)
	Profit/[loss] from continuing operations for the period	358,203	(403,945)
	Profit from discontinued operations for the period	678	996
	Adjustments related to reconciliation of net loss for the period	3,025,979	2,982,263
	Adjustments related to depreciation and amortisation expenses	18	907,185
	Adjustments related to impairment on receivables	6	4,459
	Adjustments related to impairment on inventory	8	77,759
	Adjustments related to impairment on property, plant and equipment	20	9,472
	Adjustments related to provision for employee benefits	16	218,450
	Adjustments related to provision for litigation and penalty	15	432,959
	Adjustments related to interest income	19.21	(151,399)
	Adjustments related to interest expense	22	985,182
	Adjustments related to deferred financing expense due to forward purchases	19	1,116,476
	Adjustments related to unearned finance income due to forward sales	19	(281,637)
	Adjustments related to unrealized foreign currency translation	22	97,020
	Adjustments related to fair value losses arising from derivatives	21	(32,021)
	Adjustments related to tax expense	23	(132,716)
	[Gain]/loss on sale of property plant and equipment	20	(12,047)
	Adjustments related to gain on disposal of subsidiaries	20	(213,163)
	Changes in net working capital	1,029,279	1,074,292
	Adjustments related to increase in trade receivables	(5,367)	(65,584)
	Adjustments related to increase in inventories	(1,413,496)	(737,705)
	Adjustments related to increase in other receivables related with operations	(379,565)	(45,195)
	Adjustments related to increase in trade payables	2,345,605	1,695,977
	Adjustments related to increase in other payables related with operations	482,102	226,799
	Cash flows from operating activities	4,414,139	3,653,606
	Payments related to provisions for employee benefits	16	(57,822)
	Interest received	429,887	213,301
	Interest paid	(1,219,594)	(608,172)
	Taxes paid	(144,703)	(172,141)
	Payments related to provision for litigation	15	(17,728)
	Net cash provided by operating activities	3,404,179	3,022,867

Migros Ticaret A.Ş. and its Subsidiaries**Consolidated Statements of Cash Flows****For the Period 1 January - 31 December 2021**

[Tutarlar aksi belirtilmedikçe bin Türk Lirası ("TL") olarak ifade edilmiştir.]

[TL dışındaki para birimleri, aksi belirtilmedikçe bin olarak belirtilmiştir.]

	Notes	Audited 1 January- 31 December 2021	Audited 1 January- 31 December 2020
Cash flows from investing activities:			
Cash outflows from the purchase of property, plant and equipment and intangible assets	10-11	[969,388]	[539,496]
Cash inflows from the sale of property, plant and equipment and intangible assets		87,888	928,156
Cash inflows from the sale of non-current assets classified as held for sale		374,451	-
Cash outflows from discontinued operations		-	[60,300]
Net cash used in investing activities		[507,049]	328,360
Cash flows from financing activities			
Proceeds from borrowings	14	922,521	1,570,780
Repayment of borrowings	14	[1,923,239]	[2,748,401]
Repayment of derivative instruments		17,650	[28,809]
Interest received	21	677	6,312
Interest paid		[485,056]	[419,274]
Cash outflows from payments of rent agreements		[906,935]	[814,047]
Net cash provided by financing activities		[2,374,382]	[2,433,439]
Impact of foreign currency translation differences on cash and cash equivalents			
Net increase in cash and cash equivalents		401,548	902,484
Cash and cash equivalents at the beginning of period	4	3,230,793	2,328,309
Cash and cash equivalents at the end of period	4	3,632,341	3,230,793

Migros Ticaret A.Ş. and its Subsidiaries**Notes to the Consolidated Financial Statements****As of 31 December 2021**

[Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.]

[Currencies other than TL are expressed in thousands unless otherwise indicated.]

[Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish]

NOTE 1 - ORGANISATION AND OPERATIONS OF THE GROUP

Migros Ticaret A.Ş., [collectively referred to as "Migros" or the "Company"], was established on 19 March 2008 and is registered in Istanbul, Turkey under the Turkish Commercial Code. [Migros Türk Ticaret Anonim Şirketi, which was established in 1954, merged with its parent company Moonlight Perakendecilik ve Ticaret Anonim Sirketi ("Moonlight Perakendecilik") on 30 April 2009 and the trade name of Moonlight Retailing was changed as Migros Ticaret A.Ş.]

The Company and its subsidiaries together will be referred as "the Group".

As of 31 December 2021, the indirect shares of AG Anadolu Grubu Holding A.Ş. ("Anadolu Group") is 50%.

Through its Migros, 5M, Migros Jet and Macrocenter banner stores in Turkey, shopping centers, and internet, the Group is mainly engaged in the retail sales of food and beverages, consumer and durable goods. The Company also rents floor space in the shopping malls to other trading companies. As of 31 December 2021, the Group operates in 2,565 stores in total [31 December 2020: 2,319] which comprise 1,664,533 m² from 2,540 retail stores and 14,269 m² from 25 wholesale stores with a total net space of 1,678,802 m² [31 December 2020: 1,580,317 m²]. As of the period end as at 31 December 2021, the Group employed 40,470 people [31 December 2020: 38,458]. Retail is the main business segment of the Group and constitutes almost 96% of gross sales [31 December 2020: 97%].

The address of the registered office is as follows:

Migros Ticaret A.Ş.

Atatürk Mah., Turgut Özal Blv.

No:7 Ataşehir, İstanbul

These consolidated financial statements have been approved for issue by the Board of Directors ("BOD") on 1 March 2022 and signed by Ö. Özgür Tort, General Manager, and Ferit Cem Doğan Assistant General Manager [Financial Affairs], on behalf of the BOD. The general assembly and certain regulatory bodies have the authority to make changes after the consolidated financial statements are published.

Subsidiaries:

The Company has the following subsidiaries [the "Subsidiaries"]. The nature of the business of the Subsidiaries and for the purpose of the consolidated financial statements, their respective geographical segments are as follows:

Subsidiaries	Country of incorporation	Geographical segment	Nature of business	December 2021 [%]	December 2020 [%]
Ramstore Kazakhstan LLC ("Ramstore Kazakhstan")	Kazakhstan	Kazakhstan	Shopping center management	100,0	100,0
Dijital Platform Gıda Hizmetleri A.Ş. [*)	Turkey	Turkey	Food retail	100,0	-
Mimeda Medya Platform A.Ş. [*)	Turkey	Turkey	Media	100,0	-
Moneypay Ödeme ve Elektronik Para Hizmetleri A.Ş. [*)	Turkey	Turkey	Services limited by e-money legislation	80,0	80,0
Paket Lojistik ve Teknolojik A.Ş. [*)	Turkey	Turkey	Logistics	25,0	25,0
Ramstore Macedonia DOO ("Ramstore Makedonya")	Macedonia	Bulgaria	Retail	-	99,0
Ramstore Bulgaria E.A.D. ("Ramstore Bulgaristan")	Bulgaria	Bulgaria	Inactive	-	100,00

[*) It is not included in the scope of consolidation on the grounds of materiality.

Migros Ticaret A.Ş. and its Subsidiaries

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[Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish]

NOTE 1 - ORGANISATION AND OPERATIONS OF THE GROUP [cont'd]

Subsidiaries [cont'd]:

The Group has sold 100% of its shares in our non-operating subsidiary Ramstore Bulgaria EAD ("Ramstore Bulgaria"), which owns 99% of its subsidiary Ramstore Macedonia DOO ("Ramstore Macedonia"), with a share transfer agreement dated 9 March 2021.

To deliver its media assets to all advertisers more effectively and to reveal the true potential of data-based marketing activities, on 22 June 2021, the Group established a new media company titled Mimeda Medya Platform A.Ş. The company is a 100% subsidiary of Migros Ticaret A.Ş. and its founding capital is TL 1,500.

The Group has decided to develop these business lines under a separate company structure in order to better respond to the changing and diversifying demands of online retailing in food and similar business lines and to accelerate the development of the Group's online channels and within this scope, it has established a new company that will be a 100% subsidiary of the Group. Its founding capital is TL 10,000. The company was established with the title of "Digital Platform Gıda Hizmetleri AŞ" and was registered by the Istanbul Trade Registry on 27.10.2021.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation

2.1.1 Financial reporting standards applied

The consolidated financial statements are prepared in accordance with Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the "Communiqué") published in the Official Gazette numbered 28676 on 13 June 2013. According to Article 5 of the Communiqué, the consolidated financial statements are prepared in accordance with the Turkish Financial Reporting Standards ("TFRS") issued by Public Oversight Accounting and Auditing Standards Authority ("POA"). TFRS contains Turkish Financial Reporting Standards ("TFRS") and its addendum and interpretations. The consolidated financial statements of the Group are prepared as per the CMB announcement of 15 April 2019 relating to financial statements presentations.

In accordance with the CMB resolution issued on 17 March 2005, listed companies operating in Turkey are not subject to inflation accounting effective from 1 January 2005. Therefore, the consolidated financial statements of the Group have been prepared accordingly.

The Group maintains its books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance and principles issued by CMB. The foreign subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. The consolidated financial statements have been prepared under historical cost conventions except for financial assets and financial liabilities which are carried at fair value. The consolidated financial statements are based on the statutory records, which are maintained under historical cost conventions, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with TFRS.

Migros Ticaret A.Ş. and its Subsidiaries**Notes to the Consolidated Financial Statements****As of 31 December 2021**

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS [cont'd]**2.1 Basis of presentation [cont'd]****2.1.1 Financial reporting standards applied [cont'd]**Restatement of financial statements during periods of high inflation

In accordance with the CMB's decision dated 17 March 2005 and numbered 11/367, for companies operating in Turkey and preparing financial statements in accordance with Turkish Accounting Standards, the application of inflation accounting has been terminated as of 1 January 2005. Accordingly, as of 1 January 2005, the standard No. 29 "Financial Reporting in Hyperinflationary Economies" ("TAS 29") has not been applied.

As per the announcement published by the Public Oversight, Accounting and Auditing Standards Authority ("POA") on 20 January 2022, since the cumulative change in the general purchasing power of the last three years has been 74.41% according to the Consumer Price Index ("CPI") rates, it has been stated that entities applying the Turkish Financial Reporting Standards ("TFRS") are not required to make any restatements in their financial statements for 2021 within the scope of TAS 29 "Financial Reporting in High Inflation Economies". In the accompanying financial statements, no inflation adjustment has been made in accordance with TAS 29.

2.1.2 Changes in the accounting policies, estimates and errors

Significant changes in accounting policies and accounting errors are applied retrospectively and prior period consolidated financial statements are restated. The effect of changes in accounting estimates affecting the current period is recognised in the current period; the effect of changes in accounting estimates affecting current and future periods is recognised in the current and future periods.

2.1.3 Functional and reporting currency

Items in the financial information of each entity included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in TL, which is the functional and reporting currency of Migros Ticaret A.Ş. The foreign currency position of the Group's assets and liabilities other than TL is presented in Note 28.

Group companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,
- Income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions),
- All resulting exchange differences are recognised in other comprehensive income.

The functional currencies of subsidiaries included in the consolidation are Tenge.

Migros Ticaret A.Ş. and its Subsidiaries**Notes to the Consolidated Financial Statements****As of 31 December 2021**

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS [cont'd]**2.2 Summary of significant accounting policies [cont'd]**

Accounting policies applied by subsidiaries can be changed in order to convenience with the accounting policies applied by the Group, when necessary. The accounting policies applied to the preparation of consolidated financial statements are summarized as follows:

Basis of consolidation applied

Subsidiaries are all entities [including structured entities] over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The consolidated financial statements of the Group include Migros and its subsidiary Ramstore Kazakhstan LLC. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Intra-group transactions, balances and unrealised gains on transactions between the Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position, respectively.

Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a basis within other operating income or other operating expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS [cont'd]**2.2 Summary of significant accounting policies [cont'd]****Revenue**

The Group records revenue when fulfills performance obligation while transferring committed service or good to their customer. An asset is transferred when [or as] the control of an asset is transferred to the customer.

The Group records revenue accordance with the following 5 main principles:

- Determination of customer contracts
- Determination of performance obligation on contracts
- Determination of transaction fee on contracts
- Allocation of transaction price to performance obligation in contracts
- Revenue recognition when each performance obligation is fulfilled

The specific accounting policies for the Group's main types of revenue are explained below:

Sales of goods - Retail

The Group operates in the retail sales of food and beverages, consumer and durable goods through its stores, shopping centers, Ramstores Banner abroad and internet sales. Sales of goods are recognised when the performance obligation is fulfilled. Retail sales are usually made against a cash or credit card payment.

Within the scope of the Group customer loyalty program, customers who use loyalty cards earn points from their purchases. For these earned points, the probability of using them in the following periods is estimated and the relevant amount is recorded as sales discount.

Sales of Goods - Wholesale

Revenue from the sales of goods is recognised when a group entity has delivered products to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Control transfer does not occur until the products were shipped to the specified location, the risks of obsolescence and loss were transferred to the wholesaler, the wholesaler accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has an objective evidence that all criteria for acceptance are satisfied.

Rent revenue

The Group recognises rent income on accrual basis based on the agreement.

Inventories

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the selling price in the ordinary course of business, less the costs of completion, marketing and distribution. Cost is determined primarily on the basis of the weighted average cost method. For processed inventories, cost includes direct materials, direct labor and the applicable allocation of fixed and variable overhead costs based on a normal operating capacity. Borrowing costs are not included in inventory cost. Revenues and discounts from suppliers, sales premiums and advertising participation fees are accounted on an accrual basis and booked against cost of inventories. An inventory difference provision for the period covering the latest inventory count date and the balance sheet date has been included into the inventory impairment item.

Migros Ticaret A.Ş. and its Subsidiaries

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS [cont'd]

2.2 Summary of significant accounting policies [cont'd]

Property, plant and equipment

Revaluation Method

Property, plant and equipment except lands and buildings are carried at cost less accumulated depreciation and impairment if exists. With respect to TAS 16 "Property, Plant and Equipment", the Group has decided to choose revaluation model for lands and buildings by using the fair values determined in the 25 February 2022 dated valuation reports of Nova Taşınmaz Değerleme ve Danışmanlık A.Ş. ("Nova Taşınmaz Değerleme") as of 31 December 2021. The first fair value application was adopted as of 31 December 2017.

Any revaluation increase arising on the revaluation of such land and buildings is recognized in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognized in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. No transfers from the revaluation fund to retained earnings are made unless the asset is derecognised.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Freehold land is not depreciated.

Depreciation is recognized so as to write off the cost or valuation of assets, other than freehold land and properties under construction, less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Cost method

Property, plant and equipment except lands and buildings are carried at cost less accumulated depreciation and impairment if exists.

Properties in the course of construction for production, administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Legal fees are also included in the cost.

Depreciation is recognized so as to write off the cost or valuation of assets, other than freehold land and properties under construction, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When a property, plant and equipment is disposed of or no future economic benefits are expected from its use or sale, it is derecognised. The gain or loss resulting from the disposal or retirement of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value of the asset and is included in the profit or loss statement.

Migros Ticaret A.Ş. and its Subsidiaries**Notes to the Consolidated Financial Statements
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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS [cont'd]**2.2 Summary of significant accounting policies [cont'd]****Property, plant and equipment [cont'd]*****Cost Method (cont'd)***

The depreciation period for property, plant and equipment which approximate the economic useful lives of such assets, are as follows:

	Useful lives [Year]
Buildings	25-50
Leasehold improvements	Over period of lease (*)
Machinery and equipment	4-10
Furniture and fixtures	5-12
Motor vehicles	5-8

(*) Leasehold improvements include the expenses made for the leased properties and are depreciated over the useful life of the leased property where the useful life is longer than the lease term, and over the useful life if it is shorter.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The increase in the carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

Expenses for repair and maintenance of property, plant and equipment are normally charged to the consolidated profit and loss statement. They are, however, capitalized and depreciated through the estimated useful life of the property, plant and equipment in exceptional cases if they result in an enlargement or substantial improvement of the respective assets.

Derecognition of property, plant and equipment

A property, plant and equipment is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of a property, plant and equipment, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Migros Ticaret A.Ş. and its Subsidiaries

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS [cont'd]

2.2 Summary of significant accounting policies [cont'd]

Intangible assets

Goodwill

Goodwill arises when purchasing subsidiaries and the amount of the transferred consideration, the amount of non-controlling interests in the acquiree and the fair value of the identifiable net assets in the acquiree, the excess of the fair value difference at the acquisition date of the equity interests in the acquiree previously held by the acquirer. If the total transferred consideration, recognized non-controlling interests and previously held interests measured at fair value are less than the fair value of the net assets of the acquired subsidiary, for example in a bargain purchase, the difference is recognized directly in the statement of profit or loss.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. The carrying amount of goodwill is compared with its recoverable value, which is the higher of its value in use and fair value less costs to sell. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated income statement and is not reversed in subsequent periods.

Brands

Brands that are acquired separately are accounted for at their acquisition cost, and brands that are acquired as a part of business combination are accounted for at their fair value in the consolidated financial statements. The Group assessed the useful life of brand as indefinite since there is no foreseeable limit to the period over which a brand is expected to generate net cash inflows for the Group. A brand is not subject to amortisation as it is considered to have an indefinite useful life. A brand is tested for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount when the carrying amount of the brand exceeds its recoverable amount.

Rent agreements

Lease agreements are determined by the Group as identifiable intangible assets and consist of the lease agreements taken over from the stores it has purchased and the parts of the purchase price of the purchased stores exceeding the fair value of the purchased assets. Lease contracts are recorded at their fair values at the date of purchase, and amortised during the contract period.

The evacuation cost paid by the Group to the real estate owners or previous renters relating to rented stores except for the rental price at the beginning of the contract are presented under other intangible assets. These amounts are amortized throughout the lease and accounted for in marketing and sales expenses.

Computer softwares [Rights]

Rights arising on computer software are recognised at its acquisition cost. Computer software is amortised on a straight-line basis over their estimated useful lives and carried at cost less accumulated amortization. The estimated useful life of computer software is 5 years.

Migros Ticaret A.Ş. and its Subsidiaries**Notes to the Consolidated Financial Statements
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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS [cont'd]**2.2 Summary of significant accounting policies [cont'd]****Intangible assets [cont'd]***Internally-generated intangible assets and development expenditures*

Maintenance and research costs of computer software are expensed as they occur. Development costs for designing and testing identifiable and unique computer software controlled by the Group are recognized as intangible assets if the following conditions are met:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The cost of the software includes all of the costs directly attributable to the software (such as software development labor costs and the share of software overhead) required by management to create, produce, and prepare the software in order for it to function as intended. Other development expenditures that do not meet these criteria are recognized as an expense when incurred. Development-related expenses that were initially recognized as an expense cannot be recognized as an asset at a later date.

Computer software development costs are capitalized and depreciated over their estimated useful lives.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset. This difference is recognised in profit or loss when the asset is derecognised.

Non-current assets held for sale

Non-current assets or asset groups that meet the criteria of asset held for sale are measured at the lower of its carrying amount and fair value less cost to sell. When the fair value is less than the carrying cost, an impairment loss is recognized as an expense in the consolidated income statement for the period.

Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS [cont'd]

2.2 Summary of significant accounting policies [cont'd]

Financial assets

Classification and measurement

The Group classified its financial assets in three categories; financial assets carried at amortized cost, financial assets carried at fair value through profit or loss, financial assets carried at fair value through other comprehensive income. Classification is performed in accordance with the business model determined based on the purpose of benefits from financial assets and expected cash flows. Management performs the classification of financial assets at the acquisition date.

Financial assets carried at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, whose payments are fixed or predetermined, which are not actively traded and which are not derivative instruments are measured at amortized cost. They are included in current assets, except for maturities more than 12 months after the balance sheet date. Those with maturities more than 12 months are classified as non-current assets. The Group's financial assets carried at amortized cost comprise "trade receivables" and "cash and cash equivalents" in the consolidated statement of financial position.

Impairment

The Group has applied simplified approach and used impairment matrix for the calculation of impairment on its receivables carried at amortized cost, since they do not comprise of any significant finance component. In accordance with this method, if any provision provided to the trade receivables as a result of a specific events, the Group measures expected credit loss from these receivables by the life-time expected credit loss. The calculation of expected credit loss is performed based on the past experience of the Group and its expectations for the future indications.

Financial assets carried at fair value

Assets that are held by the management for collection of contractual cash flows and for selling the financial assets are measured at their fair value. If the management do not plan to dispose these assets in 12 months after the balance sheet date, they are classified as non-current assets. The Group make a choice for the equity instruments during the initial recognition and elect profit or loss or other comprehensive income for the presentation of fair value gain and loss:

i) Financial assets carried at fair value through profit or loss

Financial assets carried at fair value through profit or loss comprise of "derivative instruments" in the statement of financial position. Derivative instruments are recognized as asset when the fair value of the instrument is positive, as liability when the fair value of the instrument is negative. The Group's financial instruments at fair value through profit or loss consist of forward contracts and interest rate swaps.

ii) Financial assets carried at fair value through other comprehensive income

Financial assets carried at fair value through other comprehensive income comprise of "financial assets" in the statement of financial position. The Group measures such assets at their fair values. Gains or losses arising from the related financial assets are recognized in other comprehensive income except foreign exchange gain or loss and impairment loss. When the financial assets carried at fair value through other comprehensive income are sold, fair value gain or loss classified in other comprehensive income is classified to retained earnings.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS [cont'd]**2.2 Summary of significant accounting policies [cont'd]****Financial assets [cont'd]****Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. See Note 2.2 for further information about the group's accounting for trade receivables and impairment policies.

Trade payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings and borrowing costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds [net of transaction costs] and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability [debt for equity swap], a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS [cont'd]

2.2 Summary of significant accounting policies [cont'd]

Earnings per share

Earnings per share presented in the consolidated statement of income are determined by dividing consolidated net income attributable to that class of shares by the weighted average number of such shares outstanding during the year concerned. As disclosed in Note 26, the Group's earnings per share are calculated in accordance with "Earning Per Share" ("TAS 33").

Income as per share stated in the consolidated statement of profit or loss is calculated by dividing the net profit by the weighted average of the share certification available in the market during the whole year.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. These "bonus share" distributions are treated as issued shares in earnings per share calculations. Accordingly, the weighted average number of shares used in these calculations has been calculated by taking into account the retrospective effects of the aforementioned share distributions.

Events after the reporting period

Subsequent events are composed of any event between the balance sheet date and the publication date of the balance sheet, even if they arise after any announcements of profits or other financial data.

The Group restates its consolidated financial statements if such subsequent events arise [Note 32]

Provisions, contingent liabilities and contingent assets

Provisions are recognized when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Contingent liabilities are assessed continuously to determine whether the possibility of an outflow of resources embodying economic benefits is probable. When the possibility of an outflow of resources embodying economic benefits is probable for the accounts classified as contingent liabilities, provision is provided in the financial statements for related contingent liabilities except for the situations there is not a reliable estimation.

The Group discloses the contingent liabilities that are probable but there is not a reliable estimation for the amount of resources embodying economic benefits in the notes.

Assets that result from previous events that cannot be controlled fully by the Group and depend on the realization of one or more uncertain events, is considered as a contingent asset. Contingent assets are disclosed in the notes of the consolidated financial statements, if there is a high probability that resources with economic benefits will flow to the entity.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS [cont'd]**2.2 Summary of significant accounting policies [cont'd]****Leases****The Group as lessee**

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases [defined as leases with a lease term of 12 months or less] and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

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

- fixed lease payments [including in-substance fixed payments], less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees,
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability [using the effective interest method] and by reducing the carrying amount to reflect the lease payments made. The Group remeasures the lease liability [and makes a corresponding adjustment to the related right-of-use asset] whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate [unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used].
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under TAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS [cont'd]**2.2 Summary of significant accounting policies [cont'd]****Leases [cont'd]****The Group as lessee [cont'd]**

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies TAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

As a practical expedient, TFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

The Group as lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

The Group applies the derecognition and impairment requirements in TFRS 9 to the net lease investment. The Group regularly reviews the estimated uncommitted residual values used in the calculation of the gross lease investment and in case of a decrease in the estimated uncommitted residual value, the Group revises the distribution of income over the lease term and reflects the reductions in the accrued amounts directly to the financial statements.

When a contract includes lease and non-lease components, the Group applies TFRS 15 to allocate the consideration under the contract to each component.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS [cont'd]**2.2 Summary of significant accounting policies [cont'd]****Related parties**

Parties are considered related to the Group if:

- a] directly, or indirectly through one or more intermediaries, the party:
 - controls, is controlled by, or is under common control with, the Company [this includes parents, subsidiaries and fellow subsidiaries];
 - has an interest in the Company that gives it significant influence over the Company; or
 - has joint control over the Company,
- b] the party is an associate of the Company,
- c] the party is a joint venture in which the Company is a venture,
- d] the party is member of the key management personnel of the Company or its parent,
- e] the party is a close member of the family of any individual referred to in [a] or [d],
- f] the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in [d] or [e],
- g] the party has a defined benefit plan for the employees of the Company or a related party of the Company.

Related party transactions are transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

Segment reporting of financial information

The operating segments are evaluated in parallel to the internal reporting and strategic sections presented to the organs or persons authorised to make decisions regarding the activities of the Group. The organs and persons authorised to make strategic decisions regarding the Group's activities with respect to the resources to be allocated to these sections and their evaluation are defined as the Group's senior managers of the Group. The Group's senior managers follow up the Group's activities on a geographical basis [Note 3].

Income taxes

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes have been calculated on a separate-entity basis.

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

Current tax

The current income tax payable is based on taxable profit for the period. 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 Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the consolidated financial statements date.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS [cont'd]

2.2 Summary of significant accounting policies [cont'd]

Income taxes [cont'd]

Deferred tax

Deferred tax liability or asset is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax rates which are used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. 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. Deferred tax asset or liability of the assets and liabilities except for goodwill or business combinations are not calculated for temporary timing differences arising from the initial recognition and affecting both trading and financial profit or loss.

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

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Employee benefits/Employee termination benefits

The provision for employment termination benefits represents the present value of the estimated total provision for the future probable liabilities of the Group arising from the retirement of the personnel in accordance with the Turkish Labor Law and the laws applicable in the countries in which the subsidiaries operate. Pursuant to the laws governing working life in Turkey and the Turkish Labor Law, the Group is required to collectively pay termination benefits to each employee who has completed at least one year of service and whose employment is terminated without due cause, who voluntarily leaves the job, is dismissed, dies or retires and reaches the retirement age. Provision allocated by using defined benefit plans' current value is calculated by using prescribed liability method. Actuarial gains and losses are recognized as other comprehensive income or loss in shareholders' equity in the period in which they arise.

Cash flow statement

Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements.

Cash flows from operating activities represent the cash flows of the Group generated from retail and wholesale activities and lease income.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS [cont'd]**2.2 Summary of significant accounting policies [cont'd]****Cash flow statement [cont'd]**

Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group [fixed investments and financial investments].

Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

Cash and cash equivalents comprise cash on hand and bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities equal or less than three months and which are subject to an insignificant risk of changes in value [Note 4].

Offsetting

A financial asset or liability can be offset and the net amount shown on the balance sheet only if the entity has a legal right to offset the recognized amounts and intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

Dividend

The dividend distributed to the shareholders of the Company is reflected as a liability in the financial statements of the Group on the date it is approved by the shareholders of the Company. When entitled to receive dividends, it is recognized as income in the financial statements.

Paid in capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Share premium

Share premium represents differences resulting from the sales of the Group's subsidiaries' and investments valued by using equity method shares at a price exceeding the nominal value of those shares or differences between the nominal value and the fair value of shares issued for acquired companies by the Group [Note 24].

Deferred finance income/expenses

Deferred finance income/expenses represent imputed finance income and expenses on credit sales and purchases. Such income and expenses calculated by using the effective interest method are recognised as financial income or expenses over the period of credit sale and purchases, and included under other operating income and expenses.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS [cont'd]**2.3 Comparative information and restatement of prior period financial statements**

The Group's consolidated financial statements have been prepared in comparison with the previous period in order to give accurate trend analysis regarding the financial position and performance. Where necessary, comparative figures have been reclassified to conform to the presentation of the current period consolidated financial statements and significant changes are explained. In case of changes and errors in accounting policies and accounting estimates, significant changes and significant accounting errors are applied retrospectively and the prior period financial statements are restated. Changes in accounting estimates are applied in the current period if the change is made for only one period, and if it is related to future periods, both in the period when the change is made and prospectively.

In order to comply with the presentation of the current period consolidated financial statements as of 31 December 2021, in the consolidated income statement for the period ended 31 December 2020, in-store production and e-commerce expenses amounting to TL 627,652, which were classified under marketing expenses, were classified under cost of sales.

2.4 Critical accounting estimates and assumptions

The preparation of the consolidated financial statements necessitates the use of estimates and assumptions that affect asset and liability amounts reported as of the balance sheet date, explanations of contingent liabilities and assets; and income and expense amounts reported for the accounting period. Although these estimates and assumptions are based on all management information related to the events and transactions, actual results may differ from them. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities for the next reporting period are outlined below:

[a] Goodwill impairment test

As explained in related accounting policy, the Group performs impairment tests on goodwill annually as of 31 December. The recoverable amount of the cash generating unit has been determined based on the fair value less costs to sell calculations. These value-in-use calculations include discounted after-tax cash flow projections, and these projections determined in TL are based on five-year long-term plans approved by Migros Ticaret management. Estimated cash flows beyond the five-year period are calculated without considering any growth rate. In value-in-use calculations, the annual discount rate is 14.8% [2020: 7.9%]. The discount rate used is the post-tax discount rate and includes risks specific to the Group [Note 12].

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS [cont'd]**2.4 Critical accounting estimates and assumptions [cont'd]****[b] Impairment on leasehold improvements**

As explained in related accounting policy, property, plant and equipment are carried at the cost less accumulated depreciation and, if any, impairment. The Group evaluates its operational performance on a store-by-store basis and each store's continuity depends on the discounted net cash flow projections. Those cash flow projections are calculated, on a consistent basis to the Group's five year business plans and on a store-by-store basis by taking into consideration the remaining useful life of each store. In this context, the Group executes an impairment estimate on the leasehold improvements on stores where it is a lessee by considering the continuity of each store.

[c] Extension option in lease contracts

The lease obligation is determined by taking into account the extension options in the contracts. Most of the extension options included in the long-term lease contracts consist of applicable extension options by the Group. The Group reassesses the extension options in the lease term based on the medium-term business plans in the last year of the lease term and, if necessary, adds the extension right prospectively to the contract period. If the conditions change significantly, the assessment is reviewed by the Group.

[d] Explanations on fair value determination

As of the presentation of the consolidated financial statements as of 31 December 2021, the Group has excluded the cost model from the application methods in TAS 16 and chose the revaluation model for the presentation of land and buildings at their fair values. Revaluation studies of lands, building and investment properties have been performed by Nova Taşınmaz Değerleme, which is CMB accredited professional valuation Companies.

Lands and buldings in assets of the Group, which are located in Turkey, have been revaluated in 25 February 2022 dated valuation reports of Nova Taşınmaz Değerleme by using "Sample comparison approach analysis", and "Income approach".

"Income approach" method has been used in the valuation reports dated 31 December 2021 prepared by TSKB Gayrimenkul Değerleme to determine the fair market value of the land and buildings in the Group's assets and located in Kazakhstan.

As a result of revaluation study made by the experts, positive difference for lands and building amounting to TL 389,851 is accounted as TL 343,581 after net-off tax and minority effect "Revaluation Funds" under equity.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS [cont'd]

2.5 New and Revised Turkish Financial Reporting Standards

a) Amendments that are mandatorily effective from 2021

Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 Interest Rate Benchmark Reform - Phase 2

The amendments in Interest Rate Benchmark Reform - Phase 2 [Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16] introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

The amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 are all effective for annual periods beginning on or after 1 January 2021. Early application is permitted.

The Group management assessed that the adoption of this amendment does not have any effect on the Group's financial statements.

b) New and revised TFRSs in issue but not yet effective

The Group has not yet adopted the following standards and amendments and interpretations to the existing standards:

TFRS 17	<i>Insurance Contracts</i>
Amendments to TAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to TFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to TAS 16	<i>Property, Plant and Equipment - Proceeds before Intended Use</i>
Amendments to TAS 37	<i>Onerous Contracts - Cost of Fulfilling a Contract</i>
Annual Improvements to TFRS Standards	<i>Amendments to TFRS 1, TFRS 9, TFRS 16 and TAS 2018-2020 41</i>
Amendments to TFRS 4	<i>Extension of the Temporary Exemption from Applying TFRS 9</i>
Amendments to TFRS 16	<i>COVID-19 Related Rent Concessions beyond 30 June 2021</i>
Amendments to TAS 1	<i>Disclosure of Accounting Policies</i>
Amendments to TAS 8	<i>Definition of Accounting Estimates</i>
Amendments to TAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS [cont'd]**2.5 Amendments to Turkish Financial Reporting Standards [cont'd]****b] New and revised TFRSs in issue but not yet effective [cont'd]****TFRS 17 Insurance Contracts**

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 supersedes TFRS 4 Insurance Contracts as of 1 January 2023.

Amendments to TAS 1 Classification of Liabilities as Current or Non-Current

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current [due or potentially due to be settled within one year] or non-current.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TFRS 3 Reference to the Conceptual Framework

The amendments update an outdated reference to the Conceptual Framework in TFRS 3 without significantly changing the requirements in the standard.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references [published together with the updated Conceptual Framework] at the same time or earlier.

Amendments to TAS 16 Property, Plant and Equipment - Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Amendments to TAS 37 Onerous Contracts - Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

The amendments published today are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS [cont'd]**2.5 New and Revised Turkish Financial Reporting Standards [cont'd]****b] New and revised TFRSs in issue but not yet effective [cont'd]****Annual Improvements to TFRS Standards 2018-2020 Cycle****Amendments to TFRS 1 First time adoption of Turkish Financial Reporting Standards**

The amendment permits a subsidiary that applies paragraph D16(a) of TFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to TFRSs.

Amendments to TFRS 9 Financial Instruments

The amendment clarifies which fees an entity includes in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

Amendments to TAS 41 Agriculture

The amendment removes the requirement in paragraph 22 of TAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in TFRS 13.

The amendments to TFRS 1, TFRS 9, and TAS 41 are all effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Amendments to TFRS 4 Extension of the Temporary Exemption from Applying TFRS 9

The amendment changes the fixed expiry date for the temporary exemption in TFRS 4 Insurance Contracts from applying TFRS 9 Financial Instruments, so that entities would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2023.

Amendments to TFRS 16 COVID-19 Related Rent Concessions beyond 30 September 2021

Public Oversight Accounting and Auditing Standards Authority ("POA") has published *COVID-19 Related Rent Concessions beyond 30 September 2021 (Amendment to TFRS 16)* that extends, by one year, the June 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS [cont'd]**2.5. New and Revised Turkish Financial Reporting Standards [cont'd]****b] New and revised TFRSs in issue but not yet effective [cont'd]****Amendments to TFRS 16 COVID-19 Related Rent Concessions beyond 30 September 2021 [cont'd]**

On issuance, the practical expedient was limited to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 September 2021. Since lessors continue to grant COVID-19 related rent concessions to lessees and since the effects of the COVID-19 pandemic are ongoing and significant, the POA decided to extend the time period over which the practical expedient is available for use.

The new amendment is effective for lessees for annual reporting periods beginning on or after 1 April 2021. Earlier application is permitted.

Amendments to TAS 1 Disclosure of Accounting Policies

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TAS 8 Definition of Accounting Estimates

With this amendment, the definition of "a change in accounting estimates" has been replaced with the definition of "an accounting estimate", sample and explanatory paragraphs regarding estimates have been added, and the differences between application of an estimate prospectively and correction of errors retrospectively have been clarified.

Amendments to TAS 8 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

Amendments to TAS 12 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

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NOTE 3 - SEGMENT REPORTING

The Group management determines the operating segments based on the reports analyzed and found effective in strategic decision making by the Board of Directors.

Management assesses the Group's performance on a geographic level as Turkey and Kazakhstan since the gross sales of these subsidiaries are below 10% of the Group sales. Reportable operating segment revenue comprises primarily retail sales, rent income and wholesales. Rent income and wholesale revenues are not recognized as reportable segments as they are not stated in detail in the reports provided to the Board of Directors. The Board of Directors assesses the performance of the operating segments based on a measure of Earning Before Interest, Tax, Depreciation and Amortisation, ("EBITDA") and Earning Before Interest, Tax, Depreciation, Amortisation and Rent ("EBITDAR"). The Group calculates the EBITDA by deducting general administrative expenses and selling, marketing and distribution expenses and adding depreciation expenses, unused vacation liability paid in current period, employee termination benefit provision expense, unused vacation liability expense on gross profit amount in consolidated statements of income.

The segment information provided to the Board of Directors as of 31 December 2021 and 2020 is as follows:

Segment analysis for the accounting period 1 January - 31 December 2021

2021	Turkey	Kazakhstan	Combined total	Intersegment eliminations	Total continuing	Total discontinued	Total
External revenue	36,240,111	32,132	36,272,243	-	36,272,243	60,704	36,332,947
Inter segment revenue	746	-	746	[746]	-	-	-
Income	36,240,857	32,132	36,272,989	[746]	36,272,243	60,704	36,332,947
Cost of sales	(27,508,694)	[9,792]	(27,518,486)	746	(27,517,740)	(44,332)	(27,562,072)
Gross profit	8,732,163	22,340	8,754,503	-	8,754,503	16,372	8,770,875
Marketing expenses	(6,316,398)	-	(6,316,398)	-	(6,316,398)	(13,463)	(6,329,861)
General administrative expenses	(438,159)	(12,951)	(451,110)	-	(451,110)	(1,871)	(452,981)
Addition: Depreciation and amortisation expenses	901,045	6,140	907,185	-	907,185	2,607	909,792
Addition: Provision for employment termination benefits	131,064	-	131,064	-	131,064	-	131,064
Addition: Provision for unused vacation	29,564	-	29,564	-	29,564	-	29,564
EBITDA [Including TFRS 16 Effect]	3,039,279	15,529	3,054,808	-	3,054,808	3,645	3,058,453
TFRS 16 Effect	(906,935)	-	(906,935)	-	(906,935)	-	(906,935)
EBITDA	2,132,344	15,529	2,147,873	-	2,147,873	3,645	2,151,518
Addition: Rent expense	1,601,518	2	1,601,520	-	1,601,520	2,805	1,604,325
EBITDAR	3,733,862	15,531	3,749,393	-	3,749,393	6,450	3,755,843

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NOTE 3 - SEGMENT REPORTING (cont'd)**Segment analysis for the accounting period 1 January - 31 December 2020**

2020	Turkey	Kazakhstan	Combined total	Intersegment eliminations	Total continuing	Total discontinued	Total
External revenue	28,637,361	152,829	28,790,190	-	28,790,190	349,882	29,140,072
Inter segment revenue	3,071	-	3,071	(3,071)	-	-	-
Income	28,640,432	152,829	28,793,261	(3,071)	28,790,190	349,882	29,140,072
Cost of sales	(21,913,234)	(108,812)	(22,022,046)	3,071	(22,018,975)	(259,303)	(22,278,278)
Gross profit	6,727,198	44,017	6,771,215	-	6,771,215	90,579	6,861,794
Marketing expenses	(5,000,155)	(34,597)	(5,034,752)	-	(5,034,752)	(61,740)	(5,096,492)
General administrative expenses	(334,432)	(20,969)	(355,401)	-	(355,401)	(25,371)	(380,772)
Addition: Depreciation and amortisation expenses	835,442	7,642	843,084	-	843,084	13,805	856,889
Addition: Provision for employment termination benefits	67,659	-	67,659	-	67,659	178	67,837
Addition: Provision for unused vacation	18,760	-	18,760	-	18,760	-	18,760
EBITDA (Including TFRS 16 Effect)	2,314,472	[3,907]	2,310,565	-	2,310,565	17,451	2,328,016
TFRS 16 Effect	(814,047)	-	(814,047)	-	(814,047)	-	(814,047)
EBITDA	1,500,425	[3,907]	1,496,518	-	1,496,518	17,451	1,513,969
Addition: Rent expense	1,273,618	12,550	1,286,168	-	1,286,168	16,028	1,302,196
EBITDAR	2,774,043	8,643	2,782,686	-	2,782,686	33,479	2,816,165

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NOTE 3 - SEGMENT REPORTING (cont'd)

A reconciliation of EBITDAR figure to profit before tax is provided as follows:

	Current period 1 January - 31 December 2021	Prior period 1 January - 31 December 2020
EBITDAR reported segments	3,749,393	2,782,686
Rent expenses	[1,601,520]	[1,286,168]
TFRS 16 Effect	906,935	814,047
EBITDA reported segments	3,054,808	2,310,565
Depreciation and amortisation	(907,185)	(843,084)
Provision for employment termination benefits	(131,064)	(67,659)
Provision for unused vacation liability	(29,564)	(18,760)
Other operating income	456,814	295,523
Other operating expense [-]	[1,584,691]	[642,633]
Operating profit	859,118	1,033,952
Income from investing activities	225,210	48,146
Expense from investing activities [-]	[9,472]	[19,397]
Operating profit before finance income	1,074,856	1,062,701
Financial income	267,008	303,192
Financial expense [-]	[1,116,377]	[1,586,598]
Profit/(loss) before tax	225,487	[220,705]

Assets and liabilities used in geographic segments

The figures provided to the Board of Directors with respect to total assets and liabilities are measured in a manner consistent with the consolidated financial statements. These assets and liabilities are allocated based on the operations of the segment and the physical location of the asset.

	2021	2020
Turkey	17,909,110	14,859,851
Other countries	304,109	671,139
Segment assets	18,213,219	15,530,990
Less: Eliminations	[112,894]	[152,931]
Total assets of consolidated financial statement	18,100,325	15,378,059

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NOTE 3 - SEGMENT REPORTING (cont'd)

	2021	2020
Turkey	17,370,707	15,179,432
Other countries	250,425	254,473
Segment assets	17,621,132	15,433,905
Less: Eliminations	(56,871)	(89,307)
 Total liabilities of consolidated financial statement	 17,564,261	 15,344,598

The distribution of investment expenditures by geographical regions for the periods ending as of 31 December 2021 and 2020 is as follows:

	2021	2020
Turkey	969,061	533,422
Other countries	327	6,074
 969,388	 539,496	

NOTE 4 - CASH AND CASH EQUIVALENTS

	2021	2020
Cash	129,577	151,082
Banks		
- demand deposit (*)	80,377	146,059
- time deposit	1,421,960	1,415,858
Cheques in collection	307	338
Credit card receivables	2,000,120	1,517,456
 3,632,341	 3,230,793	

(*) The Group transfers the cash in its stores registers to the bank on a daily basis. In accordance with the bank agreements, transferred cash amounts have temporary blockages for a certain period of time and available for use at the end of this period. As of 31 December 2021, a cash amount of TL 60,408 in bank accounts is temporarily blocked due to the mentioned cash transfer. [2020: TL 130,290].

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NOTE 4 - CASH AND CASH EQUIVALENTS [cont'd]

Weighted average effective interest rates on TL and EURO denominated time deposits as of 31 December 2021 are 18.4% and 0.3% respectively [2020: 17.8% and 2.0% per annum in TL and Euro, respectively].

Other cash and cash equivalents consist of credit card receivables. Credit card receivables with a maturity of less than one month are discounted at 31 December 2021 with annual rate of 20% [2020: 15.5%].

The maturity analysis of time deposits at 31 December 2021 and 2020 is as follows:

	2021	2020
1 - 30 days	1,421,792	1,415,858
30 - 90 days	168	-
90 - 180 days [*)]	-	-
Over 180 days [*)]	2,596	5,879
	1,424,556	1,421,737

[*) Time deposits with a maturity of more than 90 days are recognized in the financial investments account [Note 5].

NOTE 5 - FINANCIAL INVESTMENTS

Financial assets

	2021	2020
Time deposit [*)]	2,596	5,879
	2,596	5,879

[*) Related amount indicating the bank deposits with over 90 days maturity recognised as cash fund by the Group.

Financial assets carried at fair value through other comprehensive income/expense

	2021	2020
Long term financial assets carried at fair value through other comprehensive income	97,059	10,815
	97,059	10,815

	2021	2020		
	TL	Pay [%]	TL	Pay [%]
Paket Lojistik ve Teknolojik A.Ş.	3,250	25	3,250	25
Moneypay Ödeme ve Elektronik Para Hizmetleri A.Ş.	82,309	80	7,565	80
Dijital Platform Gıda Hizmetleri A.Ş.	10,000	100	-	-
Mimeda Medya Platform A.Ş.	1,500	100	-	-
Total	97,059	10,815		

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NOTE 6 - TRADE RECEIVABLES AND PAYABLES**Trade receivables:**

	2021	2020
Receivables from tenants and wholesale activities	168,852	161,207
Doubtful trade receivables	101,879	83,330
Notes receivables	6,115	14,507
Due from related parties (Note 25)	4,067	154
Less: Provision for doubtful receivables	(101,879)	(83,330)
Less: Finance income not accrued on term sales	(1,129)	(1,343)
	177,905	174,525

The maturity of trade receivables is generally less than one month, and they were discounted with the annual rate of 20% as of 31 December 2021 (2020: 15.5%).

Movement of provision for doubtful receivables is as follows:

	2021	2020
Beginning of the Period	83,330	71,996
Current year charge	4,459	12,294
Transfers from non-current assets held for sale	-	(3,355)
Collections and provisions released	(2,875)	(2,114)
Foreign currency translation differences effect	16,965	4,509
End of the Period	101,879	83,330

Trade payables:

	2021	2020
Sellers	8,938,304	7,071,924
Trade payables to related parties (Note 25)	312,468	280,013
Expense accruals	562,306	115,536
Finance cost not accrued on term purchases	(231,197)	(128,079)
	9,581,881	7,339,394

The maturity of trade payables is generally less than three months and they are discounted with annual rate of 22.4% as of 31 December 2021 (2020: 15.6%).

Explanations on the nature and level of risks in trade receivables and payables are included in Note 27.

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NOTE 7 - OTHER RECEIVABLES AND PAYABLES**Other short-term receivables**

	2021	2020
Receivables from personnel	36,719	25,121
Receivables from insurance companies	5,010	2,689
Other	-	44
	41,729	27,854

Other long-term receivables

	2021	2020
Deposits and guarantees given	5,530	4,913
	5,530	4,913

Other short-term payables

	2021	2020
Other taxes and funds payable	149,543	113,275
Value added tax payables ("VAT")	37,744	54,093
Credit card bills collection account (*)	3,149	2,459
Other	34,585	8,887
	225,021	178,714

(*) It consists of credit card collections with maturities less than one month made in stores on behalf of banks.

Other long-term payables

	2021	2020
Deposits and guarantees received	25,877	29,232
	25,877	29,232

NOTE 8 - INVENTORIES

	2021	2020
Raw materials	29,399	18,381
Work in progress	54,928	50,882
Finished goods and commodities	4,731,014	3,325,656
Other	12,378	19,304
Less: Provision for impairment on inventory	(152,402)	(74,643)
	4,675,317	3,339,580

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NOTE 8 - INVENTORIES (cont'd)

Movement of impairment on inventory is as follows:

	2021	2020
Beginning of the Period	74,643	48,867
Provision used	(80,978)	(48,867)
Charge for the period	158,737	74,643
End of the Period	152,402	74,643

NOTE 9 - PREPAID EXPENSES AND DEFERRED INCOME**Short-term prepaid expenses**

	2021	2020
Prepaid rent expenses	59,801	43,372
Prepaid insurance expenses	38,484	30,923
Advances given	1,058	32
Other prepaid expenses	55,645	39,856
	154,988	114,183

Long-term prepaid expenses

	2021	2020
Prepaid rent expenses	14,498	19,059
Advances given for property, plant and equipment	6,081	1,943
	20,579	21,002

Short-term liabilities from customer contracts

	2021	2020
Customer cheques	187,668	118,362
Deferred income	26,695	23,970
	214,363	142,332

Long-term deferred income

	2021	2020
Deferred income	10,727	25,081
	10,727	25,081

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NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

Movement of property, plant and equipments year ended at 31 December 2021 is as follows:

							Transfer to non-current assets	Effect of the change in exchange rates	31 December 2021				
	1 January 2021						Additions	Disposals	Impairment ^(*)	Revaluation	Transfers	held for sale	
Cost													
Land	590,907	-	[45,305]	-	211,088	-	-	-	8,064	764,754			
Buildings	566,295	3,630	[21,055]	[7,863]	178,763	478	-	-	122,695	842,943			
Leasehold improvements	961,105	156,648	[497]	[8,232]	-	50,905	-	-	-	1,159,929			
Machinery and equipments	1,450,494	278,094	[36,576]	-	-	179,098	-	10,038	1,881,148				
Motor vehicles	9,745	3,564	[645]	-	-	36	-	-	12,700				
Furniture and fixtures	887,016	110,323	[20,831]	-	-	35,408	-	2,715	1,014,631				
Construction in progress	116,491	317,774	-	-	-	[265,925]	-	-	168,340				
	4,582,053	870,033	[124,909]	[16,095]	389,851	-	-	143,512	5,844,445				
Accumulated depreciation													
Buildings	[41,710]	[17,570]	768	-	-	-	-	[17,619]	[76,131]				
Leasehold improvements	[511,194]	[84,631]	388	6,623	-	-	-	-	[588,814]				
Machinery and equipments	[743,695]	[148,527]	31,965	-	-	150	-	[7,146]	[867,253]				
Motor vehicles	[3,385]	[2,368]	582	-	-	-	-	-	[5,171]				
Furniture and fixture	[509,325]	[57,192]	17,321	-	-	-	-	[7,454]	[556,650]				
	[1,809,309]	[310,288]	51,024	6,623	-	150	-	[32,219]	[2,094,019]				
Net book value	2,772,744									3,750,426			

(*) Impairment amounting to TL 9,472 consists of leasehold improvements of the stores closed in 2021 and fair value changes in lands and buildings [Note 20].

As of 31 December 2021 and 2020, there is no mortgage on property, plant and equipment.

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NOTE 10 - PROPERTY, PLANT AND EQUIPMENT [cont'd]-

Movement of property, plant and equipments year ended at 31 December 2020 is as follows:

	1 January 2020	Additions	Disposals	Impairment ^(*)	Revaluation	Transfers	Transfer to non-current assets	Effect of the change in exchange rates	31 December 2020
Cost									
Land	1,288,070	-	[658,498]	[1,240]	40,422	-	[97,841]	19,994	590,907
Buildings	1,048,096	4,901	[372,588]	[14,078]	12,545	1,284	[182,513]	68,648	566,295
Leasehold improvements	899,000	80,685	[9,531]	[10,768]	-	2,247	[14,351]	13,823	961,105
Machinery and equipments	1,279,878	200,631	[38,191]	-	-	14,482	[33,512]	27,206	1,450,494
Motor vehicles	10,988	2,281	[449]	-	-	-	[4,110]	1,035	9,745
Furniture and fixtures	840,781	102,357	[12,535]	-	-	480	[61,875]	17,808	887,016
Construction in progress	54,913	99,090	-	-	-	[39,057]	-	1,545	116,491
	5,421,726	489,945	[1,091,792]	[26,086]	52,967	[20,564]	[394,202]	150,059	4,582,053
Accumulated depreciation									
Buildings	[29,461]	[28,076]	37,770	-	-	-	22,978	[44,921]	[41,710]
Leasehold improvements	[459,195]	[69,180]	7,532	6,689	-	-	5,715	[2,755]	[511,194]
Machinery and equipments	[684,063]	[111,716]	35,142	-	-	(30)	25,666	[8,694]	[743,695]
Motor vehicles	[3,378]	[2,052]	407	-	-	-	2,227	[589]	[3,385]
Furniture and fixture	[509,391]	[54,035]	10,598	-	-	(635)	59,452	[15,314]	[509,325]
	[1,685,488]	[265,059]	91,449	6,689	-	(665)	116,038	[72,273]	[1,809,309]
Net book value	3,736,238								2,772,744

(*) Impairment amounting to TL 19,397 consists of leasehold improvements of the stores closed in 2020 and fair value changes in lands and buildings (Note 20).

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NOTE 11 - INTANGIBLE ASSETS
Other Intangible Assets

Movement table of intangible assets for the period ended 31 December 2021 is as follows:

	1 January 2020	Additions	Transfers	Cumulative translation differences	31 December 2020
Cost					
Trademark	2,787	-	-	-	2,787
Rent agreements	39,131	-	-	-	39,131
Rights	470,376	99,355	-	3,189	572,920
Other intangible assets	170,167	-	-	-	170,167
	682,461	99,355	-	3,189	785,005
Accumulated amortisation					
Rent agreements	[36,176]	[956]	-	-	[37,132]
Rights	[340,426]	[74,517]	[150]	[3,171]	[418,264]
Other intangible assets	[119,180]	[1,149]	-	-	[120,329]
	[495,782]	[76,622]	[150]	[3,171]	[575,725]
Net book value	186,679				209,280

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NOTE 11 - INTANGIBLE ASSETS (cont'd)**Other Intangible Assets (cont'd)**

Movement table of intangible assets period ended at 31 December 2020 is as follows:

	1 January 2020	Additions	Disposals	Transfers	Transfer to non-current assets held for sale	Effect of the change in exchange rates	31 December 2020
Cost							
Trademark	2,787	-	-	-	-	-	2,787
Rent agreements	39,131	-	-	-	-	-	39,131
Rights	408,899	49,551	[5,468]	20,364	[5,927]	2,957	470,376
Other intangible assets	169,302	-	-	865	-	-	170,167
	620,119	49,551	[5,468]	21,229	[5,927]	2,957	682,461
Accumulated amortisation							
Rent agreements	[35,403]	[773]	-	-	-	-	[36,176]
Rights	[290,041]	[56,212]	4,010	-	3,700	[1,883]	[340,426]
Other intangible assets	[101,842]	[17,338]	-	-	-	-	[119,180]
	[427,286]	[74,323]	4,010	-	3,700	[1,883]	[495,782]
Net book value	192,833						186,679

Amortization on intangible assets are expensed under sales and marketing expenses.

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NOTE 12 - GOODWILL

	2021	2020
Opening balance	2,252,992	2,252,992
Closing balance	2,252,992	2,252,992

Impairment tests for goodwill:

The whole amount of goodwill is related to the acquisition of Migros, the Group management considers the synergy to be created by the important domestic market position as the main reason for the goodwill. Accordingly, the Group management allocated the above mentioned goodwill amount to Turkish domestic operations which is the main cash generating unit, considering its market share and importance of the total turnover of the domestic operations in the Group consolidation.

The recoverable amount of cash-generating unit was determined based on value-in-use calculations. These value-in-use calculations include the discounted after tax cash flow projections, which are based on TL budgets approved by the Group management covering an five year period.

Subsequent projected cash flows over a five year period were calculated without regard to any growth rate, and the analysis predicted that the existing profitability structure would be preserved.

In the calculations made as of 31 December 2021, the future cash flows calculated with balance sheet date prices are discounted with an average of 14.8%. The discount rate used is the after-tax discount rate and includes risks specific to the Group. The fact that the after-tax discount rate used in the calculation of discounted cash flows is higher/lower by 1% [such as 15,8% or 13,8% instead of 14,8%] causes a decrease/increase of TL 262.994 [2020: TL 872.886] in the fair value calculations for which sales costs are deducted, as of 31 December 2021. Within the context of analysis performed by the Group Management, above mentioned changes in the key assumptions on which recoverable amount is based would not cause carrying amount to exceed its recoverable amount.

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NOTE 13 - RIGHT-OF-USE ASSETS

The movement table of right-of-use assets for the year ended 31 December 2021 and 2020 is as follows:

	1 January 2021	Additions	Disposals	31 December 2021
Cost				
Buildings	3,754,329	550,351	[39,690]	4,264,990
Accumulated depreciation				
Buildings	[964,585]	[520,275]	5,336	[1,479,524]
Net book value	2,789,744			2,785,466
	1 January 2020	Additions	Disposals	31 December 2020
Cost				
Buildings	2,769,878	999,250	[14,799]	3,754,329
Accumulated depreciation				
Buildings	[451,334]	[515,067]	1,816	[964,585]
Net book value	2,318,544			2,789,744

Amortisation expenses related to right-of-use assets have been expensed under sales and marketing expenses.

Short-term lease liabilities

	2021	2020
Lease liabilities	759,335	597,777
	759,335	597,777

Long-term lease liabilities

	2021	2020
Lease liabilities	2,349,110	2,336,754
	2,349,110	2,336,754

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NOTE 14 - FINANCIAL LIABILITIES

	31 December 2021		
	Effective interest rate [%]	Original currency	Total [TL equivalent]
Short-term borrowings			
With fixed interest rate - TL	17,87	459,096	459,096
With floating interest rate - TL	17,87	256,764	256,764
Total short-term borrowings			715,860
Current portion of long-term borrowings			
With floating interest rate - TL	20.31	49,654	49,654
With fixed interest rate - TL	16.98	486,504	486,504
KZK Loan - Euro	4.50	23	341
KZK Loan - Tenge	13.97	1,065,687	32,965
Total current portion of long-term borrowings			569,464
Total current bank borrowings			1,285,324
Non-current bank borrowings			
With floating interest rate - TL	20.31	249,929	249,929
With fixed interest rate - TL	16.85	1,291,278	1,291,278
KZK Loan - Euro	4.50	4,600	69,399
KZK Loan - Tenge	13.97	2,437,132	75,389
Total non-current bank borrowings			1,685,995
Total financial liabilities			2,971,319
The redemption schedule of borrowings with effective interest rate at 31 December 2021 is as follows:			
	Tenge loan TL equivalent	Euro loan TL equivalent	Total TL loan [TL equivalent]
1 January 2022 - 31 December 2022	32,965	341	1,252,018
1 January 2023 - 31 December 2023	36,334	24,139	718,502
1 January 2024 - 31 December 2024	31,109	45,260	487,819
1 January 2025 - 31 December 2025	7,945	-	280,732
1 January 2026 - 31 December 2026	-	-	54,155
	108,353	69,740	2,793,226
			2,971,319

The fair value of borrowings as of 31 December 2021 is TL 2,936,696.

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NOTE 14 - FINANCIAL LIABILITIES [cont'd]

The redemption schedule of principal amounts of borrowings at 31 December 2021 is as follows:

	Tenge loan TL equivalent	Euro loan TL equivalent	TL loan	Total [TL equivalent]
1 January 2022 - 31 December 2022	32,010	-	938,119	970,129
1 January 2023 - 31 December 2023	36,334	24,139	663,857	724,330
1 January 2024 - 31 December 2024	31,109	45,260	572,013	648,382
1 January 2025 - 31 December 2025	7,945	-	423,719	431,664
1 January 2026 - 31 December 2026	-	-	111,408	111,408
	107,398	69,399	2,709,116	2,885,913

As of 31 December 2021, the payment schedule of borrowings in accordance with the contracts is as follows:

	Tenge loan TL equivalent	Euro loan TL equivalent	TL loan	Total [TL equivalent]
1 January 2022 - 31 December 2022	40,786	2,610	1,360,531	1,403,927
1 January 2023 - 31 December 2023	42,932	27,262	924,558	994,752
1 January 2024 - 31 December 2024	33,997	45,773	736,195	815,965
1 January 2025 - 31 December 2025	8,362	-	501,354	509,716
1 January 2026 - 31 December 2026	-	-	132,604	132,604
	126,077	75,645	3,655,242	3,856,964

The Group has the obligation to comply with the various credit commitments in the loan agreement in the interest of the said bank credits. The financial ratios calculated on the consolidated financial statements as at 31 December 2021 are in line with the provisions of the bank loan agreement.

The movement schedule of borrowings as of 31 December 2021 and 2020 is as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Beginning balance	3,837,750	4,403,039
Proceeds of borrowings	922,521	1,570,780
Payments	(1,923,239)	[2,748,401]
Foreign exchange losses	97,020	558,071
Changes in interest accrual	(4,361)	54,261
Change due to subsidiary sale	41,628	-
Closing balance	2,971,319	3,837,750

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NOTE 14 - FINANCIAL LIABILITIES [cont'd]

	31 December 2019		
	Effective interest rate [%]	In original currency	Total TRL equivalent
Short term borrowings			
With fixed interest rate - TRL	14,84	657,772	657,772
Total short term borrowings			1,144,343
Current portion of long term borrowings			
With floating interest rate - EUR	5.29	4,614	41,563
With fixed interest rate - TRL	11.79	333,392	333,392
With floating interest rate - TRL	16.65	34,213	34,213
With fixed interest rate - Tenge	11.53	249,569	4,354
Total current portion of long term borrowings			413,522
Total current bank borrowings			1,557,865
Non-current bank borrowings			
With floating interest rate - EUR	5.29	90,102	811,629
With fixed interest rate - TRL	11.79	1,187,555	1,187,555
With floating interest rate - TRL	16.65	220,123	220,123
With fixed interest rate - Tenge	11.53	3,471,945	60,578
Total non-current bank borrowings			2,279,885
Total financial liabilities			3,837,750

The redemption schedule of borrowings with effective interest rate as of 31 December 2020 is as follows:

	Tenge loan TRL equivalent	Euro loan TRL equivalent	TRL loan	Total TRL equivalent
1 January 2020- 31 December 2020	4,354	41,563	1,511,948	1,557,865
1 January 2021- 31 December 2021	18,055	39,682	547,261	604,998
1 January 2022- 31 December 2022	20,495	771,947	324,242	1,116,684
1 January 2023- 31 December 2023	17,547	-	348,639	366,186
1 January 2024 - 12 September 2024	4,481	-	187,536	192,017
	64,932	853,192	2,919,626	3,837,750

The fair value of borrowings as of 31 December 2020 is TL 3,856,169.

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NOTE 14 - FINANCIAL LIABILITIES [cont'd]

The redemption schedule of principal amounts of borrowings at 31 December 2020 is as follows:

	Tenge loan TRL equivalent	Euro loan TRL equivalent	TRL loan	Total TRL equivalent
1 January 2020- 31 December 2020	3,695	-	1,241,414	1,245,109
1 January 2021- 31 December 2021	18,055	-	448,978	467,033
1 January 2022- 31 December 2022	20,494	852,554	308,575	1,181,623
1 January 2023- 31 December 2023	17,547	-	450,729	468,276
1 January 2024 - 12 September 2024	4,481	-	378,312	382,793
	64,272	852,554	2,828,008	3,744,834

The redemption schedule of contractual cash outflows, which consists of principal and interest, of borrowings as of 31 December 2020 is as follows:

	Tenge loan TL equivalent	Euro loan TL equivalent	TL loan	Total [TL equivalent]
1 January 2021 - 31 December 2021	10,711	41,059	1,586,029	1,637,798
1 January 2022 - 31 December 2022	24,023	41,284	713,245	778,552
1 January 2023 - 31 December 2023	24,216	872,691	475,567	1,372,474
1 January 2024 - 31 December 2024	19,176	-	557,479	576,654
1 January 2025 - 5 June 2025	4,716	-	420,078	424,794
	82,842	955,034	3,752,397	4,790,272

NOTE 15 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Other short-term provisions	2021	2020
Competition board penalty [Note 32]	388,254	-
Provisions for litigation	121,537	94,561
Provisions for customer loyalty programs	1,127	2,344
Other	-	1,982
	510,918	98,887

Within the scope of the Competition Authority's investigation with file number 2020-3-019 on chain markets and suppliers, and on the grounds that Article 4 of Law No. 4054 has been violated, the Group has been notified on 17 January 2022 that an administrative fine of TL 517,672 has been imposed. Following the date of 17 February 2022, when the reasoned decision was notified, it was decided to pay the administrative fine within 30 days by taking advantage of 25% legal discount. Based on this decision regarding the Competition Authority penalty, the provision amount of TL 388,254 was reflected in the consolidated financial statements, and the payment of the relevant amount was made on 11 February 2022 with a caution.

The payment of the fine or its reflection on the Company's financial statements does not mean that the charges subject to the penalty have been accepted, and a lawsuit has been filed in the relevant court regarding the cancellation of the penalty within the legal period.

There are various lawsuits filed against or in favour of the Group. Receivables, rent or labour disputes constitute the majority of these lawsuits.

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NOTE 15 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

Movements during the period for lawsuit provision are as follows:

	2021	2020
Beginning Balance	94,561	81,125
Increase during period	44,704	27,868
Payments during period	(17,728)	(14,432)
Ending balance	121,537	94,561

As of 31 December 2021, a certain amount of provision has been made over the total lawsuits in line with the opinion received from the legal consultancy of the Group.

Collaterals, Pledges, Mortgages ("CPM")**31 December 2021:**

	TL Equivalent	TL	USD	EUR
A. CPM given on behalf of the Company's legal personality	231,077	222,403	651	-
B. CPM given on behalf of fully consolidated subsidiaries	144,788	-	5,656	4,600
Total collaterals, pledges and mortgages	375,865	222,403	6,307	4,600

Proportion of the other CPM's to equity [%]**31 December 2020:**

	TL Equivalent	TL	USD	Avro
A. CPM given on behalf of the Company's legal personality	242,637	237,861	651	-
B. CPM given on behalf of fully consolidated subsidiaries	60,578	-	8,253	-
Total collaterals, pledges and mortgages	303,215	237,861	8,904	-

Proportion of the other CPM's to equity [%]

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NOTE 15 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)**Contingent assets and liabilities**

Guarantees given as of 31 December 2021 and 2020 are as follows:

	2021	2020
Letter of guarantees given	375,865	303,215
	375,865	303,215

Guarantees received as of 31 December 2021 and 2020 are as follows:

	2021	2020
Guarantees obtained from customers	279,196	224,732
Mortgages obtained from customers	21,280	16,129
	300,476	240,861

NOTE 16 - EMPLOYEE BENEFITS

	2021	2020
Due to personnel	219,193	181,653
Social security deductions to be paid	72,557	57,472
	291,750	239,125
	2021	2020
Provision for employee termination benefits	383,554	257,690
Provision for unused vacation	187,690	158,126
	571,244	415,816

The movement of the provision for unused vacation for the years ended as of 31 December 2021 and 2020 is presented below:

	2021	2020
Beginning balance	158,126	139,366
Provision during period	41,794	26,218
Used during period	(12,230)	(7,458)
Ending balance	187,690	158,126

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NOTE 16 - EMPLOYEE BENEFITS [cont'd]

Provision for employment termination benefits:

Under the Turkish Labour Law, the Group is required to pay termination benefits to each employee who has completed one year of service and who reaches the retirement age, whose employment is terminated without due cause, is enlisted for military service or passed away. The termination benefit to be paid is one month wage per a service year up to the maximum employment termination benefit limit.

In the consolidated financial statements as of 31 December 2021 and 2020, the Group reflected a liability calculated using the projected unit credit method and based upon factors derived using their experience of personnel terminating their services and being eligible to receive retirement pay and discounted by using the current market yield at the balance sheet date on government bonds.

The following actuarial assumptions were used in the calculation of the total liability:

	2021	2020
Discount rate [%]	4.35	4.15
Turnover rate to estimate the probability of retirement [%]	91,91 - 100,00	88,87 - 100,00

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised once every six months, the maximum amount of TL 10,848,59 effective from 1 January 2022 [1 January 2021: TL 7,638,96] has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

In the calculation, the employees were separated into two groups based on the working years in the Group: 0-14 years and 15 years and above. The probability of retirement is used as 91,91% and 100% for the employees working 0-14 years and 15 years and above, respectively.

The principal assumptions used in the calculation of retirement pay liability are discount rate and anticipated turnover rate.

- In case the discount rate is 1% higher [lower], the severance pay liability will decrease [increase] by TL 34,714 [TL 44,712].

The movement of the severance pay provision account for the years ended as of 31 December 2021 and 2020 is presented below:

	2021	2020
Beginning balance	257,690	204,503
Provision during period	176,656	109,496
Provisions for discontinued operations	-	(506)
Payments during period	(45,592)	(41,837)
Actuarial [gain]/loss	(5,200)	(13,966)
 Ending balance	383,554	257,690

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NOTE 17 - REVENUE AND COST OF SALES

	2021	2020
Domestic sales	36,833,476	29,074,462
Foreign sales	31,324	149,695
Other sales	46,187	37,001
Gross sales income	36,910,987	29,261,158
Discounts and returns [-]	(638,744)	(470,968)
Sales income, net	36,272,243	28,790,190
Cost of sales	(27,517,740)	(22,018,975)
Gross profit	8,754,503	6,771,215

Details of domestic and foreign sales before other sales, discounts and returns are as follows:

	2021	2020
Retail sales revenue	35,487,485	28,327,746
Wholesale revenue	1,165,865	757,699
Rent income	211,450	138,712
	36,864,800	29,224,157

NOTE 18 - EXPENSES BY NATURE

Total	1 January - 31 December 2021	1 January - 31 December 2020
Personnel expenses	3,308,763	2,701,718
Depreciation and amortisation	907,185	843,084
Rent and common area expenses	873,672	590,807
Energy expenses	465,906	362,232
Porterage and cleaning	239,735	190,000
Advertising expenses	182,969	139,165
Mechanisation expenses	212,094	130,616
Repair and maintenance expenses	123,105	85,699
Security expenses	75,634	62,937
Taxes, duties and fees	34,690	33,329
Communication expenses	24,061	17,576
Other	319,694	232,990
	6,767,508	5,390,153

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NOTE 18 - EXPENSES BY NATURE (cont'd)

	1 January - 31 December 2021	1 January - 31 December 2020
Marketing expenses		
Personnel expenses	2,974,019	2,433,025
Depreciation and amortisation	907,185	843,084
Rent and common area expenses	859,835	582,349
Energy expenses	462,984	359,784
Porterage and cleaning	233,616	184,643
Advertising expenses	182,965	139,151
Mechanisation expenses	196,416	120,893
Repair and maintenance expenses	106,353	83,350
Security expenses	73,274	60,855
Taxes, duties and fees	31,337	28,813
Communication expenses	19,282	15,155
Other	269,132	183,650
	6,316,398	5,034,752

	2021	2020
General administrative expenses		
Personnel expenses	334,744	268,693
Other	116,366	86,708
	451,110	355,401

Expenses by nature in cost of sales for the year ended at 1 January - 31 December 2021 and 2020 are as follows:

	2021	2020
Cost of trade goods sold	[27,483,280]	[21,971,415]
Cost of service rendered	[34,460]	[47,560]
	[27,517,740]	[22,018,975]

Cost of trade goods sold includes turnover premiums and discounts received from sellers. Service costs comprise energy, advertising, cleaning, security and administrative expenses incurred in the Group's shopping malls.

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NOTE 19 - OTHER OPERATING INCOME AND EXPENSES

Other operating income	2021	2020
Interest income on term sales	281,637	122,592
Interest income from operating activities	150,722	90,171
Other	24,455	82,760
	456,814	295,523
Other operating expenses	2021	2020
Interest expense on term purchases	[1,116,476]	[551,788]
Provision for competition board penalty expense [Note 32, 15]	[388,254]	-
Provision for litigation and penalty expense	[44,704]	[27,868]
Provision for doubtful receivables expense	[4,459]	[11,334]
Other	[30,798]	[51,643]
	[1,584,691]	[642,633]

NOTE 20 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES

Income from investing activities	2021	2020
Gain on sale of property, plant and equipment and assets held for sale	12,047	48,146
Gain on sale of subsidiaries	213,163	-
	225,210	48,146
Expense from investing activities	2021	2020
Impairment on property, plant and equipment	[7,863]	[15,318]
Closing store special cost expenses	[1,609]	[4,079]
	[9,472]	[19,397]

NOTE 21 - FINANCE INCOME

	2021	2020
Foreign exchange gains	228,851	250,013
Interest income on deposits	677	6,312
Financial income on derivatives	37,480	36,780
Other	-	10,087
	267,008	303,192

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NOTE 22 - FINANCE EXPENSES

	2021	2020
Interest expense on leasings	[503,735]	[428,469]
Interest expense on bank borrowings	[481,447]	[472,714]
Foreign exchange losses	[40,471]	[582,230]
Financial expense on derivatives	[5,459]	[28,809]
Other	[85,265]	[74,376]
	[1,116,377]	[1,586,598]

NOTE 23 - TAX ASSETS AND LIABILITIES

	2021	2020
Income and corporate taxes payable	185,780	190,924
Less: Prepaid corporate taxes	[136,495]	[182,716]
Current tax liabilities/[assets]	49,285	8,208
	2021	2020
Deferred tax assets	312,225	196,662
Deferred tax liabilities	[45,118]	[209,667]
Deferred tax assets/[liabilities], net	267,107	[13,005]

General Information

The Group is subject to taxation in accordance with the tax regulations and the legislation effective in the countries in which the Group companies operate. In Turkey, the tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provision for taxes, as reflected in the consolidated financial statements, has been calculated on a separate-entity basis.

For 2021, in Turkey, corporate tax rate is 25% [it will be 23% for 2022 and 20% in the following periods] (2020: 22%).

The Law numbered 7061 on Amendment of Certain Taxes and Laws and Other Acts was published on the Official Gazette dated December 5, 2017 and numbered 30261. Article 5 entitled "Exceptions" of the Corporate Tax Law has been amended in Article 89 of the Law. In accordance with [a] clause in the first paragraph of the Article, the exemption of 75% applied to gains from the sales of lands and buildings held by the entities for two full years has been reduced to rate of 50%. This regulation has been effective from 5 December 2017.

The Group calculates deferred income tax assets and liabilities based on the temporary difference between the financial statements prepared in accordance with TFRS and the financial statements prepared in accordance with statutory accounts. The tax rate used in the calculation of deferred tax assets and liabilities calculated according to the liability method over temporary differences that will occur in future periods is 23% over temporary timing differences expected to reverse in 2022 (2020: 22%) and 20% after 2022 (2020: 22%).

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NOTE 23- TAX ASSETS AND LIABILITIES [cont'd]

	2021	2020
Profit/[loss] before tax	225,487	[220,705]
Calculated tax income according to parent company tax rate (25%)	(56,372)	48,555
Differences in tax rate of subsidiaries	(491)	[9,827]
Expected tax [expense]/income of the Group	(56,863)	38,728
Effect of non-deductable expenses	(171,455)	[269,894]
Exemptions for R&D and other discounts	12,452	8,521
Tax effect of other income exempt from tax	30,442	43,191
Temporary differences for which no deferred tax is calculated	31,152	-
Effective tax rate difference	13,912	-
Revaluation effect of property, plant and equipment and intangible assets	271,175	-
Other differences	1,901	[3,786]
The Group's tax income/[expense]	132,716	[183,240]

The details of tax expense for the periods ended 31 December 2021 and 2020 are as follows:

	2021	2020
Current period tax expense	(191,852)	[192,269]
Deferred tax expense	324,568	9,029
Total current period tax income/[expense]	132,716	[183,240]

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NOTE 23 - TAX ASSETS AND LIABILITIES [cont'd]
Deferred taxes

As of 31 December 2021 and 2020, the deferred tax assets and liabilities calculated using the total temporary differences and the enacted tax rates are as follows:

	Accumulated temporary differences		Deferred tax assets/[liabilities]	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Deferred tax assets:				
Short-term provisions	275,202	252,687	63,296	50,537
Inventories	358,208	193,538	82,388	38,708
Provision for employee termination benefits	383,554	257,690	76,711	51,538
Finance income not accrued from future sales	1,129	1,343	260	269
Fair value change of derivative instruments	-	-	-	-
Right-of-use asset	372,117	266,774	85,587	53,355
Other	17,393	11,276	3,983	2,255
Deferred tax assets	1,407,603	983,308	312,225	196,662
Deferred tax liabilities:				
Fair value change of derivative instruments	(23,035)	(8,663)	(5,298)	(1,733)
Property, plant and equipment and intangible assets	121,966	[1,093,910]	18,633	(178,611)
Finance expense not accrued from future sales	(232,093)	(128,326)	(53,381)	(25,665)
Other	(23,481)	(18,281)	(5,072)	(3,658)
Deferred tax liabilities	(156,643)	(1,249,180)	(45,118)	(209,667)
Total deferred tax liability, net	1,250,960	(265,872)	267,107	(13,005)
Deferred tax movement within the period is as follows:				
			2021	2020
Beginning balance			(13,005)	(27,286)
Deferred tax expense from continuing operations			324,568	9,029
Recognized under equity			(47,310)	1,202
Foreign currency translation difference			2,854	4,051
Ending balance			267,107	(13,005)

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NOTE 24 - EQUITY

The Company's authorised and issued capital consists of 18.105.423.300 shares at 1 shares of Kr1 nominal value as of 31 December 2021, and has no preferred stocks.

The partners and partnership shares of the Company are as follows:

	31 December 2021		31 December 2020	
	TL	Share [%]	TL	Share [%]
MH Perakendecilik ve Ticaret A.Ş.	89,046	49.18	89,046	49.18
Kenan Investments S.A.	-	-	21,308	11.77
Migros Ticaret A.Ş.	2,962	1.64	2,962	1.64
Other	89,046	49.18	67,738	37.41
Total paid-in capital	181,054	100.00	181,054	100.00
Treasury shares [-]	[125,435]		[125,435]	

In the utilisation process of separation funds for Kipa shareholders due to the merger, Migros shares with a total nominal value of TL 2.962, corresponding to Kipa shares with a total nominal value of TL 48.998 which were converted to Migros shares due to the merger were purchased by Migros with a total amount of TL 125.435 within the scope of separation funds.

NOTE 25 - RELATED PARTY DISCLOSURES

As of 31 December 2021 and 2020, receivables from and payables to related parties are as follows:

a) Balances with the related parties

Trade receivables from related parties	31 December 2021	31 December 2020
Mimedya Medya Platform A.Ş	3,000	-
Anadolu Isuzu Otomotiv Sanayi ve Tic. A.Ş.	699	2
Anadolu Motor Üretim ve Pazarlama A.Ş.	117	80
Anadolu Restoran İşl. Ltd. Şti.	114	-
Other	137	72
	4,067	154

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NOTE 25 - RELATED PARTY DISCLOSURES [cont'd]

Trade payables to related parties	31 December 2021	31 December 2020
Anadolu Efes Pazarlama ve Dağıtım Ticaret A.Ş.	175,214	162,315
Coca Cola Satış ve Dağıtım A.Ş.	112,804	78,381
AEH Sigorta Acenteliği A.Ş.	104	17,731
Adel Kalemçilik Ticaret ve San. A.Ş.	16,170	10,498
AEH Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş.	8,028	8,889
Other	148	2,199
	312,468	280,013

b] Transactions with related parties

Goods purchases	31 December 2021	31 December 2020
Anadolu Efes Pazarlama ve Dağıtım Ticaret A.Ş.	628,561	387,859
Coca Cola Satış ve Dağıtım A.Ş.	490,253	253,196
AEP Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş.	43,238	18,046
Adel Kalemçilik Ticaret ve San. A.Ş.	17,093	10,717
	1,179,145	669,818

Other Transactions	31 December 2021	31 December 2020
Rent income	1,445	604
Rent expenses	[6,810]	[5,843]
Other income	815	419

Other transactions, net	[4,550]	[4,820]
	[4,550]	[4,820]

c) Key management compensation

The Group has determined key management personnel as chairman, members of Board of Directors, general manager and vice general managers.

Total compensation provided to key management personnel by Group for the period ended 31 December 2021 and 2020 is as follows:

	2021	2020
Short-term benefits	71,186	65,746
	71,186	65,746

Key management compensation paid or payable consists of salaries, premiums, individual pension premiums, vehicle rents and SSI employer shares.

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NOTE 26 - EARNINGS PER SHARE

Earnings per share is calculated by dividing net [loss]/profit by the weighted average number of shares outstanding during the reporting period. The Company has no diluted instruments. As of 31 December 2021 and 2020, [loss]/earnings per share is as follows:

	2021	2020
Net [loss]/profit attributable to shareholders	358,881	(402,984)
Weighted average number of shares with Kr 1 face value each ('000)	18,105,233	18,105,233
Earnings/[loss] per share	1.98	(2.23)

NOTE 27 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS**Financial risk management**

The Group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize their potential adverse effects on the financial performance of the Group.

Individual subsidiaries manage their risk under policies approved by their Boards of Directors.

Interest rate risk

The Group management invests its interest bearing assets on short-term investments with the principle of balancing the maturity of the assets and liabilities that are sensitive to the interest rate changes.

The interest position table of the Group as of 31 December 2021 and 2020 is as follows:

	2021	2020
Financial instruments with fixed interest rate		
Time deposits	1,424,556	1,421,737
Financial liabilities	2,414,972	2,243,651
Lease liabilities	3,108,445	2,934,531

Financial instruments with floating interest rate

Financial liabilities	556,347	1,594,099
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Liquidity and funding risk:

The Group 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 profiles of financial assets and liabilities.

The funding risk of the current and future debt requirements is managed through the continuous availability of qualified lenders. As of 31 December 2021, the Group's financial debt with a maturity longer than 1 year is TL 1.685.995 (2020: TL 2.279.885).

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NOTE 27 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

The maturity analysis of the Group's financial liabilities as of 31 December 2021 and 2020 is as follows:

Non derivative financial liabilities:

31 December 2021	Carrying value	Contractual cash outflows	Less than 3 months	3 months - 12 months	1 years - 5 years
Financial payables	2,971,319	3,856,964	268,866	1,135,061	2,453,037
Trade payables	9,581,881	9,813,078	8,035,867	1,777,211	-
Other payables	542,648	542,648	516,771	-	25,877
	13,095,848	14,212,690	8,821,504	2,912,272	2,478,914

Non derivative financial liabilities:

31 December 2020	Carrying value	Contractual cash outflows	Less than 3 months	3 months - 12 months	1 years - 5 years
Financial payables	3,837,750	4,790,272	398,292	1,239,506	3,152,474
Trade payables	7,339,394	7,467,473	6,345,141	1,122,332	-
Other payables	447,071	29,232	29,232	-	-
	11,594,983	12,675,584	7,161,272	2,361,838	3,152,474

Credit risk

The Group is exposed to credit risk due to its sales other than retail sales. Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. These risks are monitored by credit ratings and by limiting the aggregate risk from any individual counterparty. The credit risk is generally highly diversified due to the large number of entities comprising the customer base.

As of 31 December 2021 and 2020, the details of credit and receivables risk are as follows. In determining the amount, factors that increase credit reliability, such as guarantees received, were not taken into account.

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NOTE 27 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

	31 December 2021			
	Trade receivables		Other receivables	Deposits in bank
	Related party	Other	Other	
Maximum risk exposed credit risk as of reporting date [A+B+C+D]	4,067	173,838	47,259	1,504,933
Secured portion of maximum credit risk by guarantees etc.	-	42,717	-	-
A. Net book value of financial assets either are not due or not impaired	4,067	156,666	47,259	1,504,933
Secured portion by guarantees etc.	-	31,006	-	-
B. Net book value of the expired or not impaired financial assets secured portion with guarantees	-	-	-	-
C. Net book value of assets that are overdue but not impaired	-	10,007	-	-
Secured portion by guarantees etc.	-	4,546	-	-
D. Net book value of assets that are impaired	-	7,165	-	-
overdue [gross book value]	-	107,610	-	-
impairment [-]	-	(100,445)	-	-
Secured portion of the net value by guarantees etc.	-	-	-	-
	-	7,165	-	-

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NOTE 27 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

	31 December 2020			
	Trade receivables		Other receivables	Deposits in bank
	Related party	Other	Other	in bank
Maximum risk exposed credit risk as of reporting date				
[A+B+C+D]	154	174,370	32,767	1,567,796
Secured portion of maximum credit risk by guarantees etc.	-	46,474	-	-
A. Net book value of financial assets either are not due or not impaired	154	147,833	32,767	1,567,796
Secured portion by guarantees etc.	-	33,141	-	-
B. Net book value of the expired or not impaired financial assets secured portion with guarantees	-	16,926	-	-
- 3,722	-	3,722	-	-
C. Net book value of assets that are impaired overdue [gross book value] impairment [-]	-	9,611	-	-
- 92,941	-	92,941	-	-
- [83,330]	-	[83,330]	-	-
Secured portion of the net value by guarantees etc.	-	9,611	-	-
D. Expected credit losses [-]	-	-	-	-

As of the reporting date, there are no uncollected, overdue, and renegotiated bank deposits nor credit card receivables present at the Group portfolio, thus the Group is in the opinion that there are no credit risks regarding these assets.

Aging of the receivables which are overdue but not impaired

	2021	2020
Between 0-1 month	2,918	7,634
Between 1-3 month	551	6,552
Between 3-12 month	2,915	1,996
Between 1-5 years	3,623	744
	10,007	16,926

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NOTE 27 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS [cont'd]**Capital risk**

Net debt ratio as of 31 December 2021 and 2020 is as follows:

	2021	2020
Total liabilities	17,564,261	15,344,598
Less: Cash and cash equivalents	[3,632,341]	[3,230,793]
Deferred tax [assets]/liability	[267,107]	13,005
Net debt	13,664,813	12,126,810
Equity attributable to holders of parent	536,064	31,061
Equity + net debt	14,200,877	12,131,861
	96.23%	99.96%

The Group is exposed to foreign exchange risk primarily arising from the borrowings denominated in foreign currencies. Aforementioned foreign exchange risk is monitored and limited with derivative instruments. As of 31 December 2021, if Euro had appreciated against TL by 20% and all other variables had remained constant, the income for the period before tax as a result of foreign exchange rate difference arising out of assets and liabilities denominated in Euro would have been higher in the amount of TL 36,208 (31 December 2020: TL 24,330).

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NOTE 28 - EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION

	FOREIGN CURRENCY POSITION							
	31 December 2021				31 December 2020			
	Total TL equivalent	USD	Euro	Other TL equivalent	Total TL equivalent	USD	Euro	Other TL equivalent
Monetary financial assets	290,178	2,870	16,623	1,138	738,895	930	81,211	528
Trade receivables	-	-	-	-	-	-	-	-
Other	120	9	-	-	66	9	-	-
Current assets	290,298	2,879	16,623	1,138	738,961	939	81,211	528
Total assets	290,298	2,879	16,623	1,138	738,961	939	81,211	528
Financial liabilities	341	-	23	-	41,563	-	4,614	-
Non-monetary other liabilities	-	-	-	-	-	-	-	-
Current liabilities	341	-	23	-	41,563	-	4,614	-
Financial liabilities	69,399	-	4,600	-	811,629	-	90,102	-
Non-monetary other liabilities	8,403	-	557	-	6,080	-	675	-
Non-current liabilities	77,802	-	5,157	-	817,709	-	90,777	-
Total liabilities	78,143	-	5,180	-	859,272	-	95,391	-

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NOTE 28 - EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION [cont'd]

	FOREIGN CURRENCY POSITION							
	31 December 2021				31 December 2020			
	Total TL equivalent	USD	Euro	Other TL equivalent	Total TL equivalent	USD	Euro	Other TL equivalent
A. Net asset/(liability) position of off-balance sheet derivatives [A-B]	-	-	-	-	-	-	-	-
Total amount of off-balance sheet derivative financial assets	-	-	-	-	-	-	-	-
B. Total amount of off-balance sheet derivative financial liabilities	-	-	-	-	-	-	-	-
Net foreign currency asset/(liability) position	212,155	2,879	11,443	1,138	[120,311]	939	[14,180]	528
Net foreign currency asset/(liability) position of monetary items	220,438	2,870	12,000	1,138	[114,297]	930	[13,505]	528
Fair value hedge funds of foreign currency	-	-	-	-	-	-	-	-
Hedge amount of foreign currency assets	-	-	-	-	-	-	-	-
Hedge amount of foreign currency liabilities	-	-	-	-	-	-	-	-
Export	-	-	-	-	-	-	-	-
Import	233,916	17,549	-	-	165,547	22,553	-	-

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NOTE 28 - EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION [cont'd]

Foreign currency sensitivity analysis as of 31 December 2021 and 2020 is as follows:

31 December 2021

	Profit/[Loss]	
	Foreign exchange appreciation	Foreign exchange depreciation
20% change in Euro exchange rate		
Euro net asset/liability	36,208	(36,208)
Euro net effect	36,208	(36,208)

31 December 2020

	Profit/[Loss]	
	Foreign exchange appreciation	Foreign exchange depreciation
20% change in Euro exchange rate		
Euro net asset/liability	(24,330)	24,330
Euro net effect	(24,330)	24,330

NOTE 29 - FINANCIAL INSTRUMENTS

Fair value estimation

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

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NOTE 29 - FINANCIAL INSTRUMENTS [cont'd]

The fair value hierarchy for the assets and liabilities measured at fair value as of 31 December 2021 and 2020 is as follows:

	Fair value level as of reporting period			
	31 December 2021	Level 1 TL	Level 2 TL	Level 3 TL
Lands	764,754	-	-	764,754
Buildings	766,812	-	-	766,812
Derivative instruments	23,034	-	23,034	-

	Fair value level as of reporting period			
	31 December 2020	Level 1 TL	Level 2 TL	Level 3 TL
Lands	590,907	-	-	590,907
Buildings	524,585	-	-	524,585
Derivative instruments	8,663	-	8,663	-

The discount, capitalization and store occupancy rates used in the studies were determined by the valuation companies.

The discount rates are consistent with the inflation expectation survey of the CBRT and used between 11% and 17.94% for the properties in Turkey. Discount rates were used between 10% to 13% for the properties abroad.

The capitalization rates vary between 5% and 10% in terms of the location of the real estate.

NOTE 30 - FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDIT FIRM

The fees related to the services received by the Group from the Independent Audit Firm (IAF) for the periods 1 January - 31 December 2021 and 1 January - 31 December 2020 are as follows:

	2021	2020
Independent audit fee for the reporting period	441	385
	441	385

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NOTE 31 - OTHER MATTERS THAT MAY AFFECT THE FINANCIAL STATEMENTS OR REQUIRE AN EXPLANATION FOR THE FINANCIAL STATEMENTS TO BE CLEAR, INTERPRETABLE AND UNDERSTANDABLE

Subsidiary Sale

During the period, the Group sold its subsidiary Ramstore Macedonia DOO ("Ramstore Macedonia") with a share transfer agreement dated 9 March 2021.

Book value of disposed net assets

Current Assets	150,105
Cash and Cash Equivalents	58,948
Trade Receivables	6,383
Inventories	41,524
Other Current Assets	43,250
 Non-Current Assets	 285,019
Property, Plant and Equipment	282,792
Other Non-Current Assets	2,227
 Short-Term Liabilities	 57,967
Trade Payables	50,983
Other Short-Term Liabilities	6,984
 Short-Term Liabilities	 10,126
Deferred Tax Liability	10,126
 Subsidiary sales profit	
Amount received	374,451
Book value of net assets	367,031
Foreign currency translation difference fund	205,743
Sales profit	213,163

Profit on sale amounting to TL 213,163 is classified under income from investing activities. [Note 20]

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NOTE 32 - NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS**a) Non-Current Assets Held for Sale**

In line with the Group's growth targets and its strategic focus, Ramstore Macedonia DOO (a subsidiary of the Group operating in North Macedonia) operations have been re-evaluated. Following the evaluations, Ramstore Macedonia assets have been reclassified as "assets held for sale" since the sale of 100% shares of the subsidiary Ramstore Bulgaria EAD ("Ramstore Bulgaria"), the 99% direct shareholder of Ramstore Macedonia, is planned to be concluded in the short term.

	2021	2020
Property, Plant and Equipment	-	278,163
Inventories	-	48,606
Non-Current Assets Held for Sale	-	137,804
Elimination effect	-	(41,958)
Total Assets Held for Sale	-	422,615
Trade Payables	-	83,366
Other	-	15,518
Elimination effect	-	(22,510)
Liabilities Regarding Assets Classified for Sale	-	76,374

b) Income and Expenses from Discontinued Operations

Income and expenses related to discontinued operations, compared to last year, are as follows:

	2021	2020
Revenue	62,177	349,882
Cost of Goods Sold	(45,429)	(259,303)
General Administrative Expenses	(1,950)	(25,371)
Marketing Expenses	(14,039)	(61,740)
Other Income and Expenses from Operating Activities	(118)	(643)
Finance Expenses	199	1,702
Profit Before Tax	841	4,527
Tax Expense	(163)	(3,531)
Net Profit	678	996

NOTE 33 - SUBSEQUENT EVENTS

Within the scope of the Competition Authority's investigation with file number 2020-3-019 on chain markets and suppliers, and on the grounds that Article 4 of Law No. 4054 has been violated, the Group has been notified on 17 January 2022 that an administrative fine of TL 517,672 has been imposed. Following the date of 17 February 2022, when the reasoned decision was notified, it was decided to pay the administrative fine within 30 days by taking advantage of 25% legal discount. Based on this decision regarding the Competition Authority penalty, the provision amount of TL 388,254 was reflected in the consolidated financial statements, and the payment of the relevant amount was made on 11 February 2022 with a caution.

The payment of the fine or its reflection on the Company's financial statements does not mean that the charges subject to the penalty have been accepted, and a lawsuit has been filed in the relevant court regarding the cancellation of the penalty within the legal period.

Migros Ticaret A.Ş. and its Subsidiaries**Notes to the Consolidated Financial Statements****As of 31 December 2021**

[Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.]

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[Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish]

APPENDIX 1- STATEMENT OF PROFIT OR LOSS BEFORE TFRS 16**TFRS 16 "Leases"**

The effects of TFRS 16 leasing transactions standard on the Group's financial statements are presented below.

	31 December 2021	TFRS 16 Effect	Before TFRS 16
ASSETS			
Current assets:			
Prepaid expenses	154,988	[9,427]	164,416
Total current assets	8,703,724	[9,427]	8,713,151
Fixed assets:			
Prepaid expenses	20,579	(33,252)	53,831
Right-of-use asset	2,785,466	2,785,466	-
Deferred Tax Assets	267,107	85,587	181,520
Total non-current assets	9,395,601	2,837,801	6,558,800
Total assets	18,100,325	2,828,374	15,271,951
LIABILITIES			
Current liabilities:			
Lease liabilities	759,335	759,335	-
Total current liabilities	13,108,998	759,335	12,349,663
Non-current liabilities:			
Lease liabilities	2,349,110	2,349,110	-
Deferred Tax Liabilities	-	-	-
Total non-current liabilities	4,455,263	2,349,110	2,106,153
Total liabilities	17,564,261	3,108,445	14,451,816
EQUITY			
Equity attributable to the parent	536,064	[280,071]	816,135
Prior years' losses	[914,843]	[196,448]	[718,395]
Net loss for the period	358,881	[83,623]	442,504
Total equity	536,064	[280,071]	816,135
TOTAL LIABILITIES AND EQUITY	18,100,325	2,828,374	15,271,951

Migros Ticaret A.Ş. and its Subsidiaries**Notes to the Consolidated Financial Statements
As of 31 December 2021**

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APPENDIX 1- STATEMENT OF PROFIT OR LOSS BEFORE TFRS 16 [cont'd]**TFRS 16 "Leases" (cont'd)**

PROFIT OR LOSS	31 December 2021	TFRS 16 Effect	Before TFRS 16
Revenue	36,272,243	-	36,272,243
Cost of sales [-]	[27,517,740]	151,758	[27,669,498]
Gross profit	8,754,503	151,758	8,602,745
General and administrative expenses [-]	[451,110]	-	[451,110]
Marketing expenses [-]	[6,316,398]	234,902	[6,551,300]
Other operating income	456,814	-	456,814
Other operating expenses [-]	[1,584,691]	1,220	[1,585,911]
Operating profit	859,118	387,880	471,238
Income from investing activities	225,210	-	225,210
Expenses from investing activities [-]	[9,472]	-	[9,472]
Operating profit before finance income/expense	1,074,856	387,880	686,976
Finance income	267,008	-	267,008
Finance expenses [-]	[1,116,377]	[503,735]	[612,642]
Loss before tax from continuing operations	225,487	[115,855]	341,342
Continuing operations tax expense	132,716	32,232	100,484
- Current tax expense	[191,852]	-	[191,852]
- Deferred tax income	324,568	32,232	292,336
Loss for the period	358,203	[83,623]	441,826

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