

# Creating Sustainable Economic Value

As Migros, we work with a sustainability focus in all our activities, and as a reflection of this, we aim to create sustainable economic value for all our stakeholders. With our customer-oriented business understanding, we reach more customers and increase our sales thanks to the increasing number of stores every day. Our sales revenues, investments and activities aimed at growth provide not only an increase in the company’s profitability but also an economic benefit for our business partners. We directly and indirectly contribute to employment and local development throughout the supply chain.

We consider sustainability by its effects on the environmental and social aspects of both our operations and of our stakeholders, and we contribute to their development with various activities to raise sustainability awareness; similarly, sustainability is prioritized by all our employees for their activities and considered as their primary responsibility.

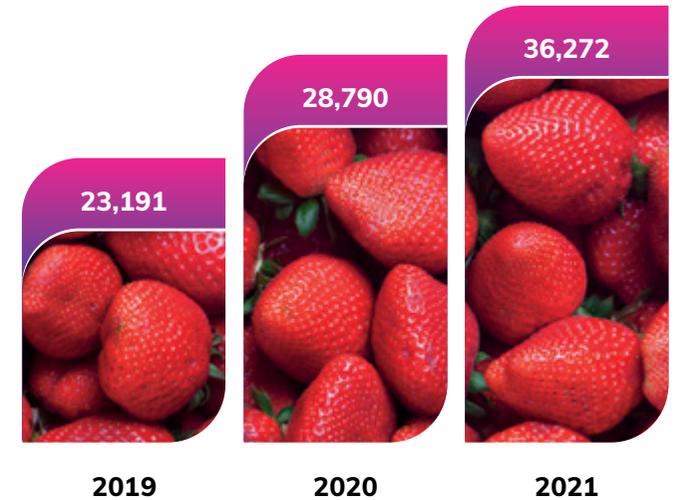
In 2021, we, as Migros, ensured continuity of uninterrupted and quality service we provide to our customers, by ensuring the continuity of our operations with the measures we took at financial level. We reached **TRY 36.3 billion** of consolidated sales volume in 2021 and we continued our strong growth performance with an increase of **26%** in consolidated sales compared to the previous year. Our online sales grew by **87%** compared to the previous year, and the volume of online sales reached 15.5% of the total sales at the end of 2021 (except for tobacco and alcohol products).

At the same time we paid up in 2021 the entire Euro indebtedness which we carried in our balance sheet for long years, and thus, our Company switched from net debt position to net cash position.

Moreover, we widespread throughout our company the sustainability works which became the backbone of the ecosystem and prioritize the projects and investments in this respect. We care about all our stakeholders in all our activities and aim to create sustainable economic value. In order to proceed with a future-oriented approach, we made an investment of TRY 5.8 million in 2021 within the scope of sustainability-focused R&D and innovation efforts. In 2021, our sustainability-oriented R&D and innovation investments represented 10% of this amount.

**Zero-Based Budgeting:** In 2021, we established a process management team aimed at budget saving throughout the company. We determined the cost categories in the company and analyzed all the processes constituting the costs in these categories. In workshops organized for generating ideas, more than 100 ideas were generated on making saving for budgets in different categories. As a result of the projects that we implemented, we made a significant amount of saving within the year.

## Net Sales\* (TRY Million)



To achieve our development goals that we set on sustainability, we make investments and planning and generate innovative solutions with all our stakeholders in our value chain.



\* Figures of 2019 to 2021 are revised figures and they are exclusive of Northern Macedonia operations which were discontinued.

## Our Capital Structure

As of December 31, 2021, the company's capital structure of TRY 181,054,233 is as follows:

Name	Share Amount (TRY)	Share Ratio (%)
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

Our company's paid capital of TRY 181,054,233 has not changed within the year. As specified in the material disclosure of our Company's shareholder Kenan Investments S.A., dated January 26, 2021, Kenan Investments S.A. no longer holds shares in Migros.\*

Our retail operations in Kazakhstan were discontinued in 2020 and our retail operations in Northern Macedonia were discontinued in March 2021, and we continue our foreign operations with 1 shopping mall in Kazakhstan. In 2021, we opened 162 Migros (119 M, 41 MM and 2 MMM), 98 Migros Jet, 11 Macrocenter, 31 Macrokiosk, 2 hypermarket (5M) and 3 Migros Toptan stores domestically. Our total net sales area increased to above 1.68\*\* million m2 at the end of the year.

There is no information rearranged according to previous reports.



## Our Contribution to Employment and Local Development

To achieve our goal of creating sustainable economic value for all our stakeholders and Türkiye, we continue our operations without slowing down, and we pull out all the stops every day to do better for our country. To contribute to the local development, we support local production and gain it to the local economy. We endeavor to increase employment to create better opportunities for our country. Accordingly, we aimed to provide 8,100 new employments in 2022.

As a result of our efforts, we achieved an increase of **26%** in our consolidated sales.

In the '**Annexes**' section of our report, you can find detailed information on the direct economic value details produced and distributed for the reporting year.

\* You can find detailed information on current purchases and sales in our **Annual Report for 2021**.

\*\* Only physical stores were included in this sales area, and e-commerce dark stores were excluded (23 Hemen, 1 Sanal Market, 1 Tazedirekt and 1 Cargo Operations).

## Our Suppliers

With our network of 2,492\* active suppliers and 20,000 farmers, which we consider as one of our most important stakeholders, we have a rich supply chain growing every day. We added 387 new suppliers in our business partners in 2021. Like in our operations, our entire supply chain is committed to sustainability principles. We are the retailer purchasing most from Agricultural Credit Cooperatives in our industry, and in 2021, we increased our collaboration with Agricultural Credit Cooperatives and made a purchase of TRY 150 million. By this means, we reach many producers of different sizes, provide them with consultancy for production in accordance with our Company's standards, and support them in gaining a place in the market.

Our suppliers have a very significant impact on our value chain. As an outcome of this impact, the payments we made to our suppliers throughout 2021 constituted 75.5% of the whole economic value we distributed within the year.

We strengthen and support our farmers by implementing '**Producer Financing System**', the first project in our country to bring together farmers, supermarkets and banks collaboratively to ensure the continuity of agricultural production. Within the scope of the project, our farmers may receive the price of the products to be sold in our stores, from Ziraat Bank and İş Bank without waiting for their due date. By reducing the intermediaries in the supply chain from the producer to the consumer, we support the balancing of food prices and the collection by producers of their receivables in a shorter period.



\* Number of our active suppliers from whom we make purchases of TRY 1,000 and above. You can find detailed information on our suppliers in the "**Sustainable Growth with Our Suppliers**" section.

## Our Employees

We continue to actively provide services with our stores in 81 provinces of Türkiye and with our online operations. We employ more than 50,000 people including our indirect employees within the scope of our activities. We continued recruitments at the same rate during the Covid-19 pandemic. We employed 8,000 new employees in 2021.

You can find detailed information on our employees in the '**Our Employee Profile**' section.



## Our Customers

It is among our priorities to create value for our customers and contribute to the production and employment. Accordingly, with our business understanding focused on our consumers and offering quality at best price, we consider contributing to the family budget as our first priority in creating value for our customers, and we organize various campaigns and provide discount opportunities throughout the year. With our yellow label application, we offer our customers the best quality and price guarantee on more than 1,500 products, including our private label products. As a result of all these practices, we ensure that all our consumers can reach quality products with affordable prices.

You can find detailed information on our customers in the **“Effective Communication with Our Customers”** section.



In 2021, we reached **98%** of the houses in Türkiye, acting in line with our goal of creating value for our customers.

## Civil Society

As Migros, we donated a total of TRY 725,4 in 2021 for social aid. Within the year, we donated to organizations such as Educational Volunteers Foundation of Türkiye, Anatolian Educational and Social Aid Foundation, Koç University, Aegean Forest Foundation etc. In line with our social responsibility projects and collaborations, we work with various non-governmental organizations. Thanks to the hide and offal donations to TEGV and ZİÇEV through Migros during the Feast of Sacrifice of 2021, 2,579 children were supported in their education.



## Public

According to the consolidated IFRS financial statements, our corporate tax in 2021 calculated by independent auditors is TRY 185,78 million. In addition, our expenses of taxes, duties and charges for 2021 were calculated to be TRY 34.69 million in total.