



#weaddedtastetolife



On February 6, 2023, our country underwent one of the biggest natural disasters in its history. We are deeply sorrowed...

We wish God's mercy on the citizens who lost their lives in the earthquake disaster, condolences to our country, and a quick recovery to all those who are injured.

We will get through these difficult days in the spirit of unity and solidarity, and we will heal our wounds together.

Koç Holding and Tat Gıda continue to use all their resources to support our people during the recovery process and to work with all their strength to ensure a better future for our country.

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Vision and Values



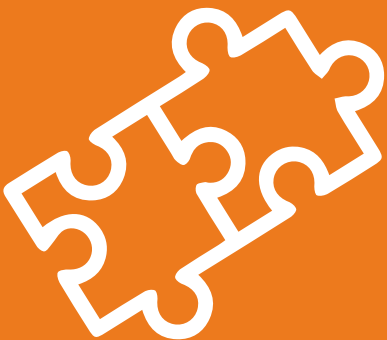
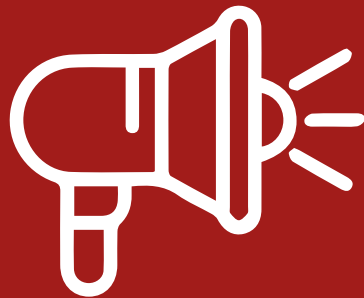
I live and prosper with my country. As long as democracy exists and thrives, so do we.
We shall do our utmost to strengthen our economy.
As our economy prospers, so will democracy and our standing in the world.

Vehbi Koç

#weaddedtastetolife



TAT GIDA AT A GLANCE



Since 55 years, our most important values have been to bring firsts to our consumers and to offer them most natural, highest quality products with food safety standards. As a result of these efforts, we are proud to be the first brand that comes to our consumers' minds and to be the most well known brand in the tomato paste and ketchup categories.



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Main Financial Indicators

TL Million	2018	2019	2020	2021	2022
Income Statement - Summary*					
Net Sales	464	553	803	1,092	2,787
Gross Profit	135	172	254	319	817
EBITDA	62	84	134	151	418
Operating Profit	65	83	122	138	465
Profit Before Tax	47	48	97	154	290
Profit for the Period from Continuing Operations	44	38	71	158	295
Profit for the Period from Discontinued Operations	-5	28	96	66	0
Profit for the Period	39	66	167	223	295

Balance Sheet - Summary

Current Assets	641	780	1,173	1,350	3,915
Cash and Cash Equivalents	28	10	121	106	288
Trade Receivables	323	384	446	474	844
Inventories	238	338	361	628	2,392
Non-Current Assets	223	247	136	288	522
Total Assetd	864	1,026	1,309	1,638	4,437
Short-term Liabilities	247	275	411	553	3,107
Short-term Financial Borrowings	48	-	42	92	1,913
Short term Portion of Long-term Borrowings	6	54	73	147	409
Trade Payables	167	181	213	258	637
Long-term Liabilities	117	191	193	199	226
Long-term Financial Borrowings	102	150	175	160	150
Equity Capital	501	561	705	885	1,104
Total Liabilities and Equity	864	1,026	1,309	1,309	4,437

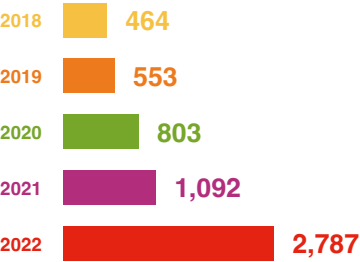
Main Indicators

Gross Profit Margin (%)	29.1	31.0	31.6	29.2	29.3
EBITDA Margin (%)	13.5	15.2	16.6	13.8	15.0
Net Profit Margin from Continuing Operations	9.5	6.9	8.9	14.4	10.6
Current Ratio	2.60	2.84	2.85	2.44	1.26
Liquity Ratio	1.63	1.61	1.97	1.31	0.40
Net Financial Debt/Equity	0.26	0.35	0.24	0.33	1.98

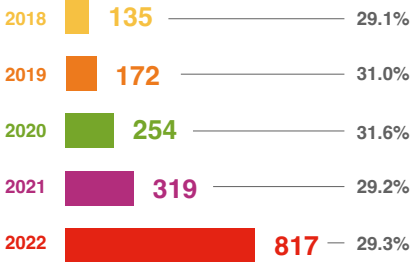
* Continuing operations

Summary Operating Results

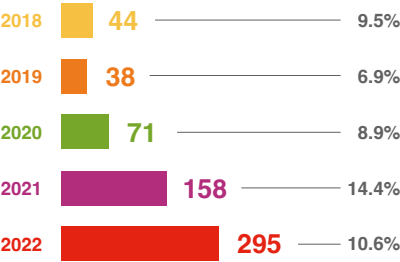
Net Sales
(TL Million)



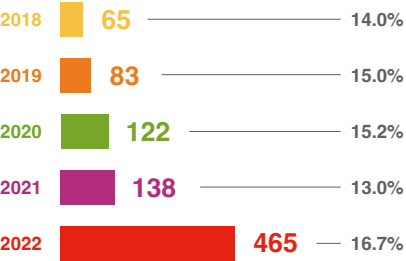
Gross Profit (TL Million)
Gross Profit Margin (%)



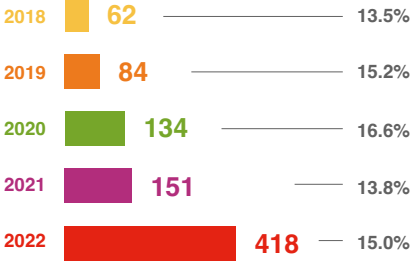
Profit for the Period from Continuing
Operations (TL Million)
Net Profit Margin (%)



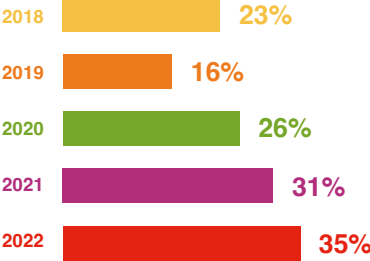
Operating Profit (TL Million)
Operating Profit Margin (%)



EBITDA (TL Million)
EBITDA Margin (%)



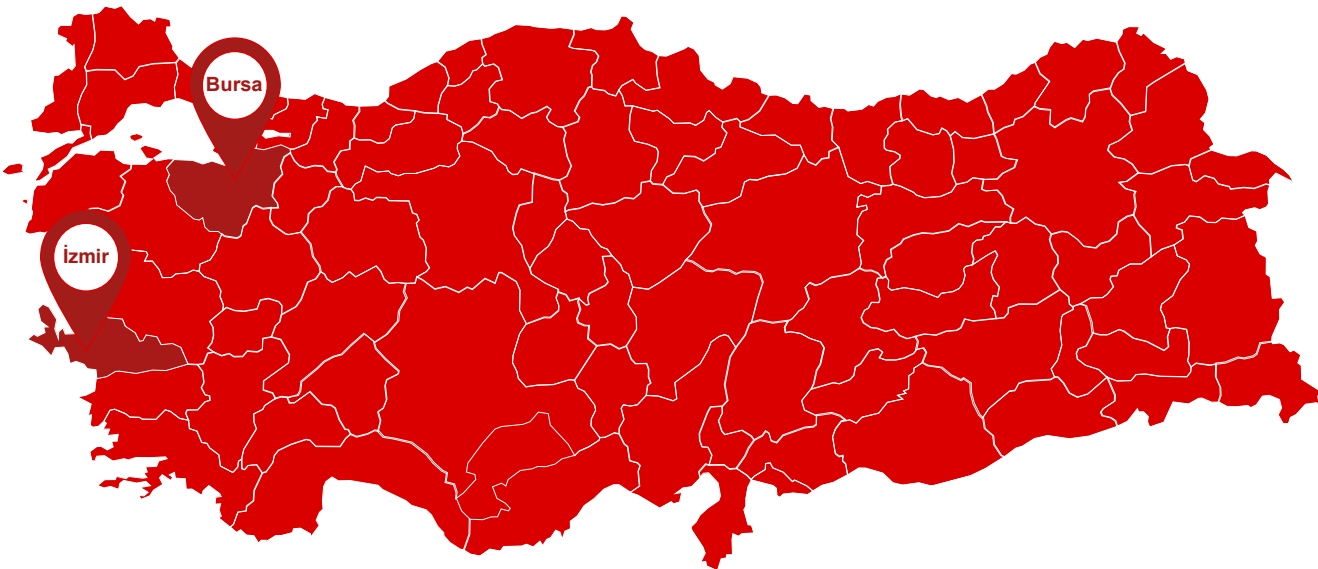
Share of Exports
in Total Sales (%)



Production Plants

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

- All 3 plants have the following certificates
- “Japanese Agriculture Standard” Certificate for conforming to Japanese standards
 - TS EN ISO 9001:2015 Quality Management System Certificate
 - TS EN ISO 14001:2015 Environmental Management System Certificate
 - TS EN ISO 50001:2018 Energy Management System Certificate
 - FSCC 22000 Version 5.1 Food Safety Management System Certificate
 - BRCGS Version 8 Food Safety Management System Certificate
 - UFS Version 7 Food Safety Management System Certificate
 - For related categories Halal Certificate from Gimdes, Kosher and Organic Certificates



The Best of 2022 Production Facilities

Tat Gıda **broke the Turkish record by processing a total of 542,732 tons of tomatoes** in 2022 harvest season. At the same time, Bursa Karacabey and İzmir Torbalı plants also broke their own production records.

A total of 15,060 tons pepper was processed in the production season of 2022. Thus, for the first time, pepper processing amount exceeded 12 thousands tons.

As a result of the trial production of apple puree, which was successfully completed at our İzmir Torbalı plant in 2021, **total of 2.200 ton apple puree was produced** in 2022.

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

Mustafakemalpaşa-Bursa

Date of Opening: 1968
Total Area: 474,000 m²
Closed Area: 48,000 m²
Products: Tomato Paste, Tomato Products, Canned Foods, Sauces, Ready to Serve Food, Pickle
Tomato Processing Capacity: 2,800 tons/day

Main Specifications:

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

Karacabey-Bursa

Date of Opening: 1977
Total Area: 215,000 m²
Closed Area: 29,000 m²
Products: Tomato Paste, Tomato Products
Tomato Processing Capacity: 6,200 tons/day

Main Specifications:

- With the investment in 2021, it had the first pre-evaporator process in Tomato Paste Production in Turkey.
- Turkey's highest capacity in tomato processing.
- It is the largest plant and exporter of diced tomatoes in Turkey.

Torbalı-Izmir

Date of Opening: 2006
Total Area: 48,000 m²
Closed Area: 8,000 m²
Products: Tomato Paste, Concentrated Fruit Puree
Tomato Processing Capacity: 2,900 tons/day

Main Specifications:

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

Mission-Vision

Vision

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



Mission

We exist to lead the transformation that will bring good & healthy food to everyone.



Competitive Advantages



Over 50 years of knowledge



Trust in the Tat brand and high brand value



High quality standards



Branded exports to 40 countries



Strong partnership structure



A sustainable and digital agriculture-oriented approach



The world's 10th largest production plant by tomato daily processing capacity*



Strong ties and long-lasting relations with farmers and all business partners

* Tomato News: TOP50 tomato processing companies worldwide in 2020

Capital and Shareholding Structure

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

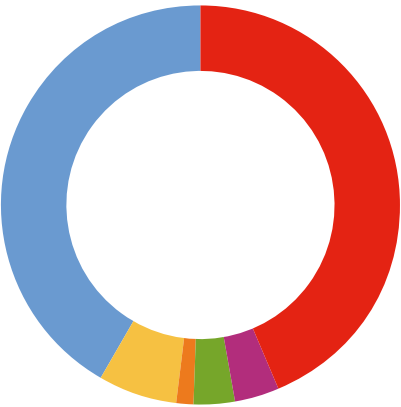
As of 2022-end, Tat Gıda’s registered capital ceiling was 250,000,000 Turkish Lira and paid-in capital was 136,000,000 Turkish lira, with no changes occurring during the year. Our company has no preferred shares issued.

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

Direct and Indirect Subsidiaries of the Company and its Share Ratios

The company has the following shareholder ratios in its subsidiaries as of December 31, 2022.

Title	31.12.2022
Ram Dış Ticaret A.Ş.	7.5%
Düzen Tüketim Malları Sanayi Pazarlama ve Ticaret A.Ş.	1.1%



43.7%
Koç Holding A.Ş.

3.7%
Kagome Co Ltd.

3.3%
Temel Ticaret Yat. A.Ş.

1.5%
Sumitomo Corp.

6.4%
Other

41.4%
Public

Equity Share Performance

TATGD share price increased by 210% in 2022 and outperformed the BIST100 Index.

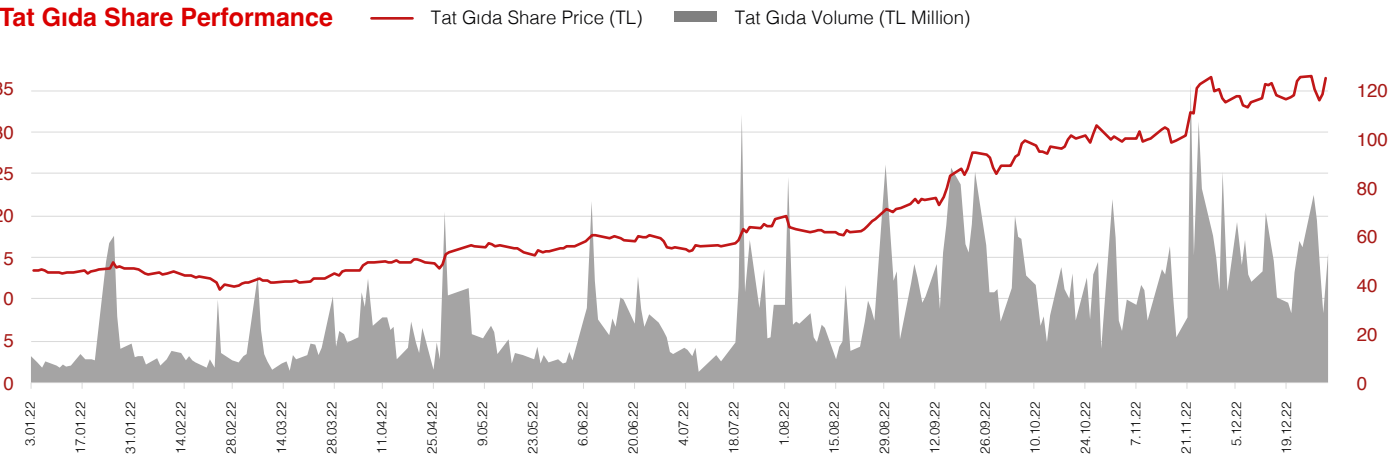
Tat Gıda is traded on the Star Market and holds a place on several indexes: BIST ALL / BIST ALL-100 / BIST FOOD BEVERAGE / BIST BURSA / BIST SUSTAINABILITY / BIST INDUSTRIAL / BIST CORPORATE GOVERNANCE. Tat Gıda has been trading on Borsa İstanbul (BIST) since 1993, and currently free-float is 41.4%.

As of 30.12.2022, Tat Gıda’s share price was 36.00 TL with a market capitalization of 4,896 million TL (262 million US Dollars). Tat Gıda’s share price increased by 210% in 2022,

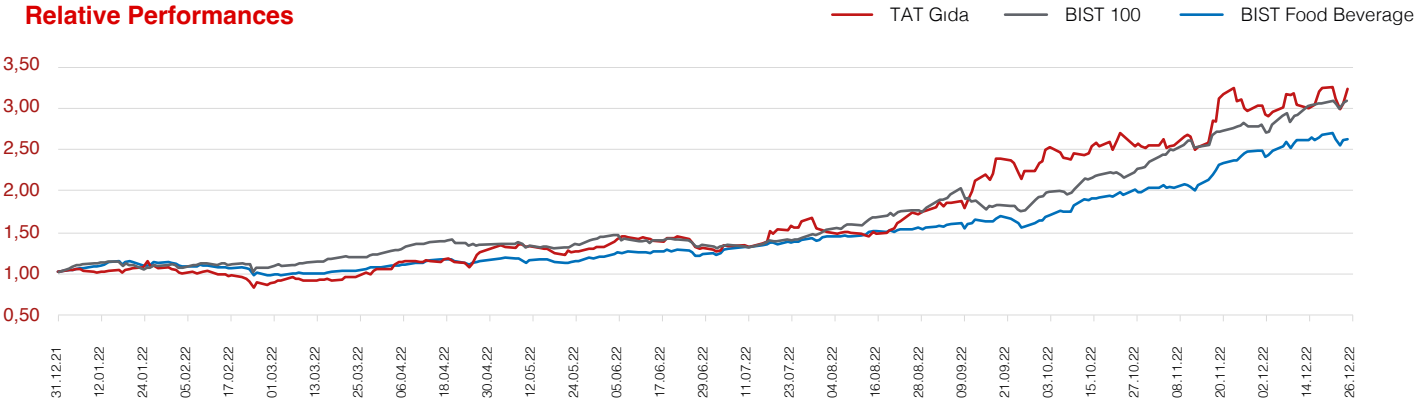
whereas BIST100 was up by 197% and BIST Food, Drink index by 153% in the same term. Foreign investors hold approximately 11.8% of the company’s shares traded on the Istanbul Stock Exchange (Borsa İstanbul) at 2022-end. In 2022, the average daily trading volume of company shares was 30.6 million TL.

SAHA Corporate Governance and Credit Rating Services (SAHA), an officially authorized rating organization which abides by the Corporate Governance Principles of the Capital Markets Board (CMB), revised up the Corporate Governance Rating of Tat Gıda to 9.53 (95.32%) on 28.12.2022.

The 2022 performance of equity shares on the stock exchange is summarized below:



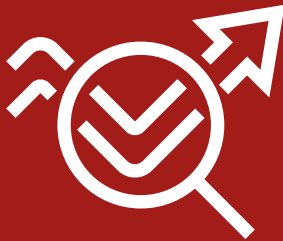
TAT Gıda, BIST100 Index and BIST Food Beverage Index Relative Performances



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MANAGEMENT



Through constant development, our goal is to implement our creative ideas with courage, to work with determination, and to be able to touch our customers' lives with kindness.



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CEO Message



Tat Gıda will continue to support sustainable agriculture in 2023, to be a leader in the modern, innovative, dynamic, bold transformation that brings good, healthy food to all thanks to its sensitivity to changing customer needs. Our unifying role in agriculture and the food ecosystem as well as the added value we have created will maintain our leading position in the domestic market while we continue to work resolutely towards becoming a global food player through our effective international projects.

Dear Shareholders and Stakeholders,

We are all feel deep sadness after experiencing one of the biggest earthquakes in our country's history in early February. Our deepest condolences go out to all those who have lost precious loved one in the earthquakes that occurred near Kahramanmaraş, which affected many of our cities and our heartfelt thoughts and prayers are with the injured.

In solidarity with those suffering through these difficult days, Tat Gıda has worked to deliver many kinds of aid, especially food, to the earthquake region to help overcome the harsh conditions. We have delivered urgent need items to the region in cooperation with public organizations, Koç Holding - our parent company – and Koç Group companies as well as our business partners and employees under the coordination of AFAD, (Disaster and Emergency Management Presidency). A volunteer group of our employees who are expert in electricity, maintenance, repair, and technical equipment use joined the effort in Hatay under the coordination of AFAD. We have continued to deliver ready to eat food to the provinces affected by the earthquake disaster since day one. It will take a long time to normalize the situation in the region, but we will continue to work with Koç Group and other stakeholders to revive its economic and civil life. I sincerely believe that we will overcome these difficult days in unity and solidarity.

We are continuing to follow the path first set out 55 years ago by our founder, the late Vehbi Koç, to serve the country through the development of agriculture and the food industry while adhering to the principle of growing together with stakeholders. The world's strategic priorities have undergone major changes in recent years, and food safety is now a priority issue, affirming the value of the long-term visionary perspective of our company. We stay the course of this valuable vision by meticulously planning every step we take, and always considering the future in our business models.

As the brand that millions of people trust and prefer to put on their tables every day, Tat Gıda has a large ecosystem

of employees, customers, farmers and suppliers with a high economic and social impact. With its pioneering Contracted Farmer Program, a major development for our country and the world, and its investments in digital agricultural technologies, Tat Gıda's value increases every day as a leader in the sector.

The increased vulnerability, anxiety, and difficult-to-understand conditions that entered the scope of our world following the COVID-19 pandemic are changing consumer habits, economic models, and competitive conditions. In addition, changing climate conditions, increasing population, and the resulting food safety issues have become the most important issues of our time, necessitating a redesign of the entire supply chain. Critical factors adopted to respond successfully to these changes include implementing a value-oriented, agile management approach, digitalizing processes, and benefiting from the leadership of all employees.

Across our entire ecosystem, sustainability is at the center of our business model

To create a habitable world for the future, the most important areas we should focus on are strengthening agriculture and food production, and we should be looking for more sustainable methods to do this every day. To achieve this, every sector should prioritize and sincerely work towards conservation of natural resources, strengthening the circular economy, and disseminating methods sensitive to human and environmental health in business models.

Acting on these principles, Tat Gıda continues to structure its impact in a wide range of areas, including management of its agricultural supply chain, food production, and market delivery processes, to be more sustainable. We have made significant achievements towards using resources more efficiently by maximizing digitalization.

As a leading company in our sector in agricultural integration, we also continue to increase our investments in digital agriculture. We have been working closely with the farmers

who produce our raw materials for half a century, so that we can produce the best quality food products. Our investments in the fields of data analytics and mechanization have led to projects that increase agricultural productivity and help make agriculture an attractive sector for young people. We are proud of the awards our pioneering efforts in the field of Digital Agriculture and our Contracted Farmers program won as presented by the TISK Award Program and Fast Company Turkey's Most Innovative Platforms.

The first phase of the TTRACE Traceability Platform running on the Blockchain infrastructure aimed at digitizing production from farm to fork was installed to monitor tomatoes from field to facility at the Tat Bursa Karacabey Factory. We plan to spread this practice to our other facilities. Another project was the Energy Campus Project, which we participated in with other Koç Group companies, with the goal of powering our Torbalı Factory in İzmir with electricity using a solar power generation plant with a capacity of 2 MW.

Plans are in place for an artificial intelligence-supported water resources management system, which should reduce our electricity consumption in production by 15%, and our smart agricultural applications such as databased decision-making support systems in irrigation to optimize soil irrigation reduced our water consumption by 30%.

To equip our production plants with the competencies required by Industry 4.0 qualifications, we instituted more digitalization and automation projects in 2022. In this regard, we continue to rapidly implement the projects we had planned according to the SIRI (Smart Industry Readiness Index) assessment, which is the most effective digital maturity index on a global scale. We are also conducting pioneering projects in the sector in the fields of new product development, traceability, energy efficiency in production, and food safety.

Tat Gıda's production plant ranks 10th in the world and 5th in Europe

Despite global economic activity slowing down more sharply than expected due to financial difficulties, increased costs of agricultural inputs, and the highest food inflation in the recent years, we maintained stable domestic and international growth in 2022 thanks to our investments in production capacity, technological transformation, new products, and marketing activities. We are the leading brand in Turkey in terms of revenue share for tomato paste, tomato products, sauces, and canned products. Despite increasing costs and supply chain difficulties, we set a new record by processing 543,000 tons of tomatoes in 2022. Turkey's share of industrially processed tomatoes around the world stands at 6%¹, and Tat Gıda has consolidated its leadership in this field by producing 23% of the tomatoes processed in our country.

We achieved an 87% increase compared to the previous year in profit for the period from continuing operations

Growth continues in 2022, with a turnover of TL 2,787 million, and an increase of 155% compared to the previous year in tomato paste, tomato products, sauces, and canned products. Gross profits increased by 156% compared to the previous year, reaching TL 817 million. In 2022, our Earnings Before Interest and Taxes Depreciation and Amortization amounted to TL 418 million, an increase of 177% year-on-year. At the same time, Profit for the period from continuing operations increased 87% compared to the previous year, reaching a total of TL 295 million. This growth continues because our company products do not compromise on taste or quality, we maintain long-term relationships with business partners in domestic and foreign markets, and we utilize innovative technologies.

1 WPTC Data on the amount of tomatoes processed around the world, October 25, 2022

Turkey's resolute efforts on sustainable digital agriculture and changing market dynamics resulting from the climate changes help it take advantage of important opportunities for entering international markets. Moving towards its goal of becoming a Turkish global food company, Tat Gıda exports to almost 40 countries, from Japan to the US. Export revenues grew 52% compared to the previous year, reaching 58 million dollars in 2022, setting an export record in the history of Tat Gıda. The export share of total sales also increased, from 31% in the previous year to 35%. The Istanbul Fresh Fruit and Vegetable Exporters Association awarded Tat Gıda for our successful export results over the last 3 years.

We set out with the goal of becoming a global brand that prioritizes customer focus and offers agile solutions.

The change and transformation activities we started in 2021, continued with cultural and agile transformation projects in 2022. To support our company's transformation, we created a new employer brand with the hashtag: #weaddedtastetolife, which resulted in our highest engagement rate for the last 10 years on the 2022 Employee Engagement Survey.

To meet the increasing demand for healthy, well-sourced, high quality, and reliable food, we added innovative products to our portfolio that keep pace with the fast life of 2022, such as our Burger Sauce and Hot Sauce in the sauce category and our Tat Ready to Eat Meal Family. For the first time in Turkey, our Tat Ready to Eat Meals offered consumers fast, practical food solutions with healthy ingredients that can be consumed both hot and cold.

Tat Gıda will continue to support sustainable agriculture in 2023, to be a leader in the modern, innovative, dynamic, bold transformation that brings good, healthy food to all thanks to its sensitivity to changing customer needs. Our unifying role in agriculture and the food ecosystem as well as the added value we have created will maintain our leading position in the domestic market while we continue to work resolutely towards becoming a global food player through our effective international projects.

I would like to extend my sincerest thanks, first to every member of the Tat Gıda family who worked arduously to achieve our goals during the challenging conditions of 2022. Also, to our shareholders and business partners for their trust in our company and for the strength and determination they gave us to succeed. And finally, to our esteemed consumers, who have chosen to grace their tables with Tat Gıda products for 55 years, for always inspiring us to achieve better.

Kindest regards,

Evren Albaş
CEO

Board of Directors



Semahat S. Arsel
Chairman

She began her career in 1964 as a Member of the Board of Directors of Koç Holding, a position she continues to hold. In addition, she is Chairman of the Board of Directors of Vehbi Koç Foundation and the Divan Group, Founder of the Semahat S. Arsel Nursing Education and Research Center and Founder of the Koç University School of Nursing. She also serves as Member of the Board of Directors of other Koç Group companies. She is member of the Board of Trustees of the Educational Volunteers Foundation of Turkey (TEGV). Semahat S. Arsel has received an “Honorary Doctorate” degree from Istanbul University.



Rahmi M. Koç
Vice Chairman

Upon completing his higher education at Johns Hopkins University (US) in Business Administration, Rahmi Koç started his professional career in the Koç Group at Otokoç in 1958. In 1960, he moved to Koç Ticaret representing the Koç Group in Ankara, then in 1964, when the headquarters moved from Ankara to Istanbul, he became the General Coordinator of Koç Holding Inc. He served as Chief Executive Officer, Vice Chairman of the Board of Directors, and Chairman of the Administrative Board in 1970, 1975 and 1980, respectively. He was named Chairman of the Board of Directors of Koç Holding when the late Vehbi Koç left the position in 1984. In 2003, Rahmi M. Koç appointed the late Mustafa V. Koç to be Chairman of the Board, while continuing to serve as a Board Member. Currently, he also holds the title of Honorary Chairman. Apart from Koç Holding, he also serves as a Member/Chairman of the Board of Directors of other Koç Group companies. In addition, Rahmi M. Koç has been affiliated with and help positions at philanthropic, social, and professional organizations including: Deputy Chairman of the Board of Trustees of the Vehbi Koç Foundation, Honorary Chairman of the Board of Trustees of Koç University, Founder and Chairman of the Board of Directors of the Rahmi M. Koç Museum and Cultural Foundation, Chairman of the Board of Directors of the Vehbi Koç Foundation American Hospital, Honorary Chairman and Founding Member of TURMEPA/the Turkish Marine Environment Protection Association, Honorary Chairman of the Advisory Board of the Turkish Industrial and Business Association (TÜSIAD), Member of the Advisory Board of the Turkish Employers Association, Founding Chairman of the Global Relations Forum, Former President of the International Chamber of Commerce (01.01.1995-31.12.1996), Honorary Trustee of the Metropolitan Museum of Art, New York City, Co-Chairman of the Business Advisory Council for South East Europe, Former President of the Turkish Greek Business Council (1992-1999), Former Member of the Allianz Aktiengesellschaft International Advisory Board, Former Member of the JP Morgan International Council, and Former Member of the International Advisory Board of the US Council on Foreign Relations.



Ömer M. Koç
Member

In 1985, he received his B.A. degree in Ancient Greek Language and Culture from Columbia College, which is linked to Columbia University. He worked at Kofisa Trading Company in Switzerland for one year. He completed his MBA at Columbia University in 1989. After working at New York-based Ramerica International Inc. between 1989 and 1990, he joined Koç Group in 1990. He held various senior positions at Koç Holding including Finance Coordinator, Vice President and President of Energy Group. He became member of Board of Directors in 2004 and Vice Chairman in May 2008. In February 2016, he was appointed as the Chairman of the Board of Directors of Koç Holding. He serves as the Vice President of TUSIAD High Advisory Council, Chairman of Turkish Educational Foundation Board of Trustees, President of Geyre Foundation and Chairman of Yapı Kredi Kültür Sanat Yayıncılık Board of Directors, Chairman of İstanbul Foundation for Culture and Arts Board of Trustees, Chairman of Tüpraş Board of Directors, Chairman of Tofaş Board of Directors and Member of the Board of Directors at other Koç Group companies.



Ali Y. Koç
Member

Ali Y. Koç received his bachelor's degree at Management Faculty of Rice University. He earned an MBA from Harvard Business School. He started his career at American Express Bank as a Management Trainee and continued as an Investment Analyst at Morgan Stanley Investment Bank. Mr. Ali Y. Koç joined Koç Holding in 1997 and held senior-level positions until 2010 including new business development and information technologies. He was the President of Corporate Communications and IT Group. He served as a Board Member at Koç Holding for over 12 years. In addition, he was elected as Vice Chairman on February 2016. Mr. Ali Y. Koç serves as Chairman of the Board of Koç Financial Services and Yapı Kredi Bank since 1 April 2016. Currently, Ali Y. Koç is the Chairman of Bilkom, Digital Panorama, Ford Otosan, Koçtaş, Otokar, Setur. In addition to being Chairman and Vice Chairman at Turkey's biggest companies and financial institutions, Ali Y. Koç also contributes to country's social and economic development and currently is the President of Fenerbahçe Sports Club and the Turkish Club Association. He is a Board Member at the National Competition Research Association (URAK), Board Member at ECA (European Club Association) and Endeavor Association, a member of the Global Advisory Council of Bank of America, Harvard University and Council on Foreign Relations. He is also a member of Panel of Senior Advisers at Chatham House and a member of Trade and Investment Council at the Confederation of British Industry.



Caroline N. Koç
Member

After graduating from high school at Switzerland's St. George's School, Ms. Koç went on to receive a Bachelor's degree in Business Administration from Babson College, USA. She is fluent in English, Turkish, French, Italian and Swedish. Ms. Koç started her professional career in 1992 at Edwards of Hisar, where she acted as the managing director until 1998. Subsequently, she founded "İlkadım Play and Education Center for Kids" in 1998. She was the acting manager of the Center until 2003. She founded "Haremliques Istanbul" in 2008 and "Selamlıques Turkish Coffee" in 2009 and is currently the Chairwoman of the Board of Directors of both companies. In addition, she is a Member of the Board of Directors of several Koç Group companies. She is a Member of the Board of Directors of Tohum Autism Foundation, a Founding Member of Tina Foundation as well as the Contemporary Education Foundation. She has been a Member of Koç Holding Board of Directors since 2016.



Takashi Hashimoto
Member

Takashi Hashimoto holds a Master's degree in Agricultural Sciences from Gifu University in Japan. He started his professional career at Kagome Co. Ltd in April 1983, and in April 2001, he started working as the Plant Manager of the Kagome Shizuoka Plant and in April 2003, he became Plant Manager of the Kagome Kozakai Plant. In April 2005, he was appointed General Manager of the Production Technology Department and became General Manager of the Production and Purchasing Planning Department in October 2008. He then went on to become General Manager of the Corporate Planning Department in April 2012. In April 2013, Mr. Hashimoto became an Executive Board Member of Kagome Co. Ltd, while also serving as General Director of Corporate Planning. In October 2017, Mr. Takashi Hashimoto served as Executive Officer and the Director of the Production and Purchasing Division. In addition to these posts, Mr. Hashimoto has been serving as a Board Member since March 2021.



Neslihan Tonbul
Independent Member

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



Fatma Füsün Akkal Bozok
Independent Member

Graduated from Business Administration at Istanbul University, Fatma Füsün Akkal Bozok holds an MBA from Boğaziçi University and a PhD in Business Administration from Istanbul University. In 1980, she embarked on her career at Arthur Andersen and served as an Auditor in the Internal Audit Department of Koç Holding between 1983-1992. From 1992 to 2003, Bozok worked as an Audit Coordinator and was appointed as Finance Director in 2003. Bozok also served as a Project Manager between 1995 and 1996 under Koç Group's MIS Project. Bozok continued her career as a faculty member teaching IT Audit and International Accounting courses at Koç University from 2006 to 2008. Since 2008, she has been a faculty member at Sabancı University teaching International Finance and Auditing courses. From 2004 to 2019 she was appointed as a Board Member at Yapı Kredi Bank. She has also been serving as a Board Member at Akış GYO and Bizim Toptan since 2017, and at Tat Gıda and Ford Otosan since 2018. Bozok also holds Credit Rating, Corporate Governance Rating, and Advanced Derivative Instruments licenses from the Capital Markets Board of Turkey.



Sait Tosyalı
Independent Member

Sait Tosyalı started his high school education at Tarsus American College and graduated from Columba High School, Texas-USA, where he attended as an AFS exchange student. He holds an MSc in Industrial Engineering and an MBA from Boğaziçi University. Tosyalı then joined Koç Holding and specialized in Strategic Planning and Project Management. He was involved in the feasibility, tender and management processes of the privatization, growth and company acquisition projects carried out by the Consumer Durables Group in line with the strategies of Koç Holding. He served in executive positions in companies with foreign shareholders established to operate in the packaging and real estate industries. Tosyalı acted as General Manager in Consumer Durables, Energy and Construction companies of the Group and managed the Turkey, Kazakhstan and Jordan operations of Linde Group, a German industrial gas manufacturer. Immersed in different cultures, he has also taken part in merging and management of multinational and cross-border companies.

He served as the Vice Chairman and Managing Director of Linde Gaz A.Ş. Since September 2017, Sait Tosyalı has been the General Manager of the Educational Volunteers Foundation of Turkey. He is also a Member to the Board of Trustees at the Health and Education Foundation, where he previously served as a Member of the Board of Directors and Chairman of the Supervisory Board. Tosyalı is an Independent Board Member at Tat Gıda Sanayi A.Ş. since 2018.

Senior Management*



Left to right (back row): Ahmet Boz, Ahmet Arslan, Evren Albaş, Onur Bahadır, Elif Belbez, Hakan Turan
Left to right (front row): Esra Süzme, Tülay Demir, Başak Tekin Özden, Çiğdem Şahin, Şule Bülbülkaya

Evren Albaş
CEO

Evren Albaş graduated from the Middle East Technical University's Department of Mechanical Engineering and completed his master's degree at Istanbul Technical University. He started his professional career as a Research Engineer at T.E.E. Inc. (Turkish Electric Industries Inc.) between 1993 and 1995. Albaş served as an R&D Engineer, R&D Expert, and Purchasing Expert at Arçelik between 1995 and 2006. Between 2006 and 2010, he served as Component Purchasing Manager and Purchasing Group Manager at Arçelik. Albaş then joined the senior management of Arçelik as its Product Supply Director and continued his career in this position until 2017. After achieving success in various positions at Arçelik, Albaş finally became Regional Director for Sub-Saharan Africa at Arçelik and then CEO of Defy Ltd., the leading white goods brand in South Africa. After four years at this job, Evren Albaş assumed his current position as CEO of Tat Gıda Sanayi A.Ş. on August 16, 2021.

Hakan Turan
Assistant General Manager
Trade and Operations

Hakan Turan received his degree in Mechanical Engineering from Istanbul Technical University and completed his MS in Mechanical Engineering at Boğaziçi University. He started his career at Arçelik A.Ş. in 1991, where he worked as Project Engineer, Production Team Leader, and Production Manager in the Washing Machine Plant and as Business Manager and Product Director in the Electrical Engine Plant until 2008. He then served as Consumer Services Director from 2008 to 2012 at Arçelik A.Ş. Turan served as the Assistant General Manager for Production from May 4, 2012 to December 1, 2021. On December 1, 2021, he was appointed Assistant General Manager of Trade and Operations at Tat Gıda Sanayi A.Ş. and continues to work in this position.

Esra Süzme
Assistant General Manager
Marketing

Esra Süzme completed her bachelor's degree at Boğaziçi University and her master's degree at the University of Maryland, Department of Business Administration. She started her career in 1999 at A.T. Kearney as a Strategic Consultant and continued at NERA Economics Consultancy between 2002 and 2004. She started working as a Marketing Manager at Turkcell in 2004 and then served as Marketing Director from 2010 to 2016. In 2016, she assumed the position of Marketing Director at Koton. After this, Esra Süzme worked as Marketing Director at Vodafone in 2017, continued there as Brand Director between 2019 and 2020 and finally worked as Assistant General Manager of Marketing at N11 in 2020. Since March 21, 2022, she has served as Assistant General Manager of Marketing at Tat Gıda Sanayi A.Ş.

Başak Tekin Özden
Assistant General Manager
Financial Affairs and Finance

Başak Tekin Özden graduated from the Department of Mechanical Engineering at METU and completed her MBA at Bilkent University. After starting her career at Koç Holding as a trainee in 1999, she was promoted to the position of Strategic Planning Expert and Manager. Between 2007 and 2012, she worked at the Tofaş Türk Otomobil Fabrikası A.Ş. as Strategic Planning and Business Development Manager, as Strategic Planning, Business Development, and Foreign Trade Manager, and then as Budget, Planning, and Commerce Control Manager. Between 2012 and 2019, she served as Corporate Affairs Coordinator at Koç Holding A.Ş. Since February 1, 2019, she has worked as Assistant General Manager of Financial Affairs at Tat Gıda Sanayi A.Ş.

* Includes all managers that report General Manager directly.

Ahmet Arslan
Internal Auditing Manager

A graduate from Marmara University's Department of Economics, Arslan started his professional life in 2013 at Yapı ve Kredi Bank A.Ş. as an Assistant Inspector under the Chairmanship of the Inspection Board. He received the titles Inspector and Senior Inspector, respectively, until 2020. Arslan was assigned to the Koç Holding Auditing Group on a rotating basis between 2020 and 2021 and took part in the auditing activities of group companies. He has been working as Internal Auditing Manager at Tat Gıda since February 1, 2022.

Ahmet Boz
Plant Operations Director

Ahmet Boz graduated from Istanbul Technical University's Department of Industrial Engineering in 2006. He completed his Production and Service Systems Management MBA program at Sakarya University in 2009, and his MBA program at Koç University in 2017. Starting his professional life at Tat Gıda's Sek Süt Plant in 2006 as Production Planning Engineer, Ahmet Boz went on to serve as Production Planning Expert between 2009 and 2010; Production Planning Manager between 2010 and 2012; Project and Process Development Manager between 2013 and 2017; and Production Engineer Group Manager between 2018 and 2021. Since 2021, Ahmet Boz has been serving as Production Director, and also assumed the responsibility of Quality and Environmental Management in 2022. His role was thus renamed as Business Director. In his current role, he is responsible for managing production, quality, the environment, investments, technical affairs, process development, and Industry 4.0 areas for 3 production plants.

Çiğdem Şahin
Director of Agile Transformation and Project Management Office

Çiğdem Şahin graduated from Galatasaray University's Department of Industrial Engineering. She started her work life in 2002 as a Systems Analyst at Garanti Technology and continued in this position until 2007. Then she worked as a Specialist Business Analyst at Softtech. After serving as a consultant to AgeSA between 2011 and 2012, she was appointed to be Bancassurance Team Manager in 2012. After serving at this position until 2015, she moved on to work as an Expert Analyst in the Digital Channels department of Turkcell Technology. Between 2018-2022, she continued working at Turkcell Technology as a Program Manager. Since August 2022, she has been working as Director of Tat Gıda's Agile Transformation and Project Management Office.

Elif Öznur Belbez
R&D Director

Elif Öznur Belbez graduated from Yıldız Technical University's Department of Chemical Engineering and completed her master's degree at Boğaziçi University in Chemical Engineering, and her PhD degree in the US at the University of Maine in the field of Food Science and Technology. She started her career at Maret A.Ş. in 1999 as an R&D Engineer, and between 2001 and 2003, she held the position of Food Group Product Development Manager there. After 2003, Belbez served as Product Development and Quality Group Manager at Tat Gıda Sanayi A.Ş. Since 2022, she has been working as R&D Director of Tat Gıda.

Tülay Demir
Human Resources Director

A graduate from METU's Sociology Department, she completed her master's degree in HR Development and Organizational Development in Education. She started her professional life in the pharmaceutical industry in 2003 working as an educational consultant. In 2008, she started to work as Human Resources Business Partner at the Arçelik A.Ş. Cooking Appliances Plant. There, she also served as a Central Skills and Career Expert in 2011; HR Business Partner Manager for Supply Chain, Customer Services, and Small Appliances in 2013; HR Manager for the Electronics Business in 2016 and she led the HR Partner Service Center in 2018. Since March 2022, she has been working as Human Resources Director at Tat Gıda.

Onur Bahadır
Information Technologies Director

After completing his bachelor's degree at Anadolu University and his Master's degree at Sabancı University, Onur Bahadır started his professional life as a Software Engineer at Goldaş in 2000. Between the years 2002-2018, at Borusan Otomotiv A.Ş., he assumed the duties of Expert Software Engineer; Infrastructure and Software Development Unit Manager; Information Technologies Manager; and Information Technologies Manager responsible for Borusan Otomotiv group companies, respectively. He worked as Digital Solutions and R&D Technology Director at Boyner Holding between 2018 and 2020. Since January 1, 2021, he has been working as Information Technology Director at Tat Gıda Sanayi A.Ş.

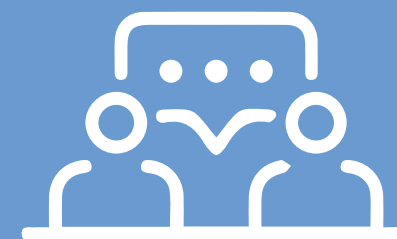
F. Şule Bülbülkaya
Corporate Communications and Sustainability Manager

Şule Bülbülkaya graduated from Istanbul Bilgi University's Department of Business Administration. After working in marketing and for market research organizations in the first years of her work life, she was appointed Marketing Expert at Koçtaş Yapı Marketleri Ticaret A.Ş. in 2007. She worked as Marketing Communications Manager in the following years. Between 2013 and 2016, she worked as Marketing Communication Manager in the Mobile Devices and Wearable Technology category at Samsung Turkey. Then she worked as Marketing Manager at Asus Turkey. Between 2017 and 2022, Bülbülkaya worked as Corporate Communications and Digital Marketing Manager at Tat Gıda Sanayi A.Ş. and has been working as Corporate Communications and Sustainability Manager since August 1, 2022.

#weaddedtastetolife



TAT GIDA IN 2022



We believe that our brand purpose, combined with our strong company culture and the high performance we aim for, will lead to significant achievements as we move on to become a global brand.



32	The Food and Agriculture Sector in 2022
36	Production and Sales
37	Investments and Financing
38	Marketing Activities
42	Exports

Agriculture and Food Industry in 2022

2022 was a challenging year for the global food sector, for both producers and consumers. Producers were faced with several issues such as increasing costs of agricultural inputs, primarily energy and fertilizer, negative impacts of global climate change, while consumers suffered from supply problems and high food inflation triggered by the Russia-Ukraine war.

DIFFICULT TIMES FOR THE FOOD SYSTEM

In December 2022, a United Nation's report¹ warned that if broader measures are not taken now, global food crises are 'likely to increase' in the future. According to the report, if the world fails to confront and change issues such as increasing population and urbanization, macroeconomic instability, poverty and inequality, geopolitical tensions, fierce competition over natural resources, and climate change, all of which affect the agricultural food system, more severe food crises would be inevitable in the future.

On the other hand, current threats also offer opportunities to reshape the food system through food technology innovations that protect both human and planetary health, to contribute to the green transformation, and to provide fair nutrition for all through new food sources.

1 The Food and Agriculture Organization of the United Nations (FAO), The Future of Food and Agriculture – Drivers and triggers for transformation, Dec 2, 2022
2 FAO Food Price Index continued to drop in December, however, it rose substantially on a yearly basis Release date: 06/01/2023

RECORD GLOBAL FOOD PRICES IN 2022
DUE TO WAR IN UKRAINE

The FAO Food Price Index announced by the United Nations Food and Agriculture Organization (FAO) averaged 132.4 points in December 2022, marking the ninth consecutive monthly decrease. Despite the index declining after April, the average FAO Food Price Index increased 14.3% annually throughout 2022 due to the impact of the Russia-Ukraine war, reaching 143.7 points, which is the highest level since records began in 1990². The war between these two countries, who share 30% of the world grain trade, caused a global grain crisis, driving wheat prices to their highest level in 14 years. The impact of the war on agriculture and food was much wider than this, though. Russia partially or completely stopped supplying gas to many EU member states, with the resulting energy crisis negatively affecting the agricultural sector of many countries, especially in Europe. Prices of chemical fertilizers, whose raw material is natural gas, reached record levels, which increased risk scenarios related to the security of agricultural supply.

AGRICULTURAL INPUT PRICES INCREASED 135% IN
TURKEY IN ONE YEAR

To prevent a rapid rise in food inflation, Turkey reduced its VAT rate on foodstuffs from 8% to 1% effective starting February 14, 2022. However, food inflation continued to rise as agricultural input prices increased 135% in October 2022 compared to the same month of the previous year.



Turkish Statistical Institute (TUIK) data shows that the agricultural input price index increased 134.8% in October 2022 compared to the same month of the previous year. The subgroups with the highest annual increase were energy; lubricants at 196.89% and fertilizer and soil improvers at 192.52%, respectively.

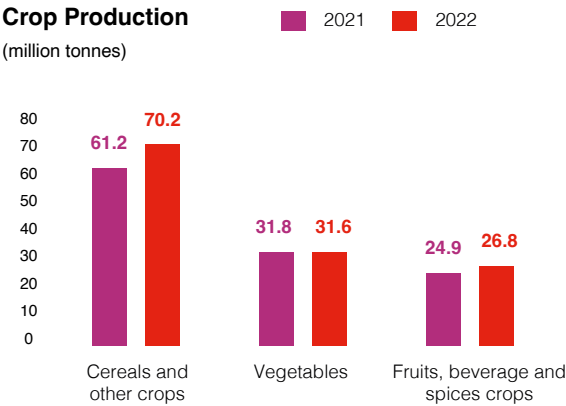
The Consumer Price Index in Turkey increased %64.3 compared to December of the previous year, with a twelve-month average of 72.3%; while the highest increase was seen in housing at 79.83% followed by the food and non-alcoholic beverages sector increasing 77.87%.

PRODUCTION OF CEREALS AND OTHER CROPS,
FRUITS INCREASED COMPARED TO THE PREVIOUS
YEAR

Crop Production Statistics published by the Turkish Statistical Institute (TUIK) showed increases of 14.6% in cereals and other crops (excluding fodder crops), 7.7% in fruits, beverage and spices crops, and a 0.5% decrease in vegetables in 2022.

Approximately 70.2 million tons of cereals and other crops were grown, 31.6 million tons of vegetables, and 26.8 million tons of fruits, beverage and spice crops in 2022.

In the vegetable group, carrot production increased by 33.5% and peppers (for processed, capia) increased by 2.5%, but tomatoes decreased by 0.7%, watermelon by 2.1% and dried onions by 6%.



DATA ON TOMATOES FROM THE WORLD AND TURKEY³

The tomato is one of the most cultivated crops around the world. FAO data shows that total tomato production stands at 189 million tons out of 1.15 billion tons of vegetable production, giving it a 16.4% share. Based on Turkish Statistical Institute data, Turkey's total vegetable production was at approximately 31.6 million tons in 2022. Tomatoes are the most produced vegetable in Turkey, with a 41.2% (13.1 million tons) share of total vegetable production in 2021.

According to 2021 data for world tomato production, China ranked first, producing 67.6 million tons, India was second at 21.2 million tons, Turkey was third at 13.1 million tons, and the US came in fourth with 10.5 million tons of tomatoes. China leads the world in tomato production, accounting for 36% of total world tomato production.



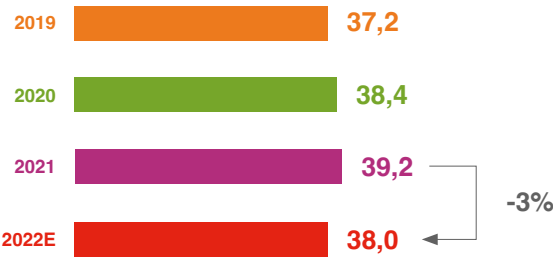
	Global Tomato Data (thousand tons)			Turkey's Tomato Data (thousand tons)		
	2019	2020	2021	2019	2020	2021
Area harvested (000 ha)	4,995	5,009	5,167	173	174	165
Yield (tons/ha)	36.41	36.89	36.60	74.05	75.70	79.27
Production (000 tons)	181,890	184,786	189,134	12,842	13,204	13,095

Source: FAOSTAT, Crops and livestock products, (data as of January 10, 2023)

20% OF THE TOMATOES GROWN IN THE WORLD ARE PROCESSED IN THE INDUSTRY

The WPTC (World Processing Tomato Council) estimates that the amount of tomatoes going to industry around the world was 38 million tons in 2022.

Global Tomato Processing³
(million tons)



3 Fresh consumption + processed tomato

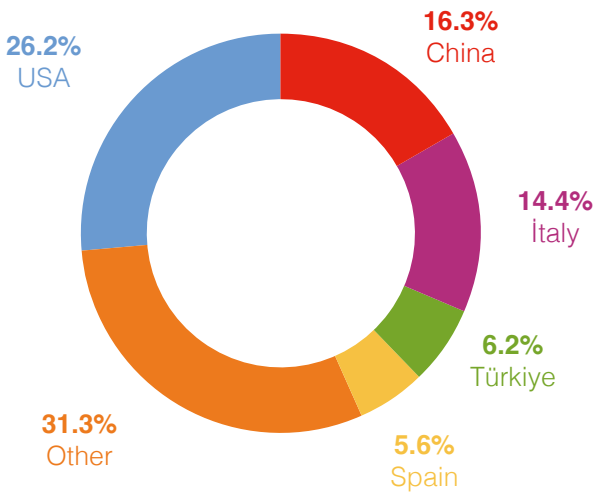
WORLD INDUSTRIAL TOMATO PROCESSING AMOUNTS⁴

Global climate change, water shortages, and the increasing costs of inputs for tomato cultivation, such as fuel and fertilizer, caused total global tomato processing amounts to fall to 38 million tons in 2022, according to estimated data, with countries such as the US, Italy, Spain and Portugal, which are the top tomato processing countries, experiencing declines.

thousand tons	2021	2022	Change yoy
USA	10,223	9,964	-3%
China	4,800	6,200	29%
Italy	6,059	5,480	-10%
Türkiye	2,200	2,350	7%
Spain	3,185	2,100	-34%
Brazil	1,525	1,631	7%
Portugal	1,596	1,414	-11%
Other	9,596	8,322	-13%
Total	39,184	37,988	-3%

US, China and Italy, processing an estimated 2.35 million tons of tomatoes in 2022, representing 6% of the 38 million tons of global tomatoes processed.

World Tomato Processing Amounts - Distribution by Country (2022)



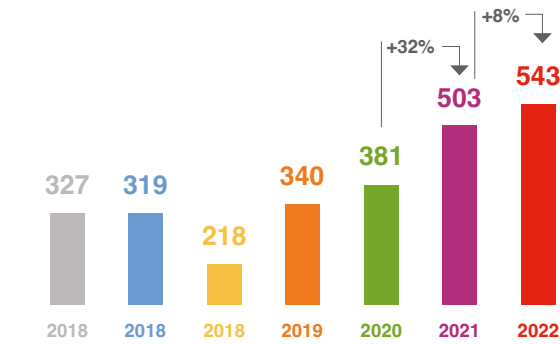
4 WTPC World Tomato Processing estimated data

Production and Sales

With 2.35 million tons of tomatoes processed in 2022, Turkey ranked 4th after the US, China and Italy, representing 6.2% of the 38 million tons of tomatoes processed around the world.

Tat Gıda’s share of Turkey’s tomato processing industry stood at 23.1%, processing a total of 543,000 tomatoes in 2022 at its Mustafakemalpaşa-Bursa, Karacabey-Bursa and Torbalı-İzmir plants (2021: 22.9%).

Tat Gıda Tomato Processing (thousand tons)



Tat’s daily tomato processing capacity ranks 10th among global producers.

Tat Gıda’s total production reached 150,163 tons in 2022 (2021: 132,019 tons).

Net Sales (TL mn) & Sales Volume (000 tons)

	2022		2021		Change yoy	
	TL mn	000 tons	TL mn	000 tons	TL mn	000 tons
Tomato Paste and Canned Food	2,787	135,067	1,092	108,301	155%	25%
Total	2,787	135,067	1,092	108,301	155%	25%

Tat Gıda is carrying its domestic success on to the international market. In 2022, its domestic sales reached 1,818,954,908 Turkish Lira, an increase of 142% compared to the same period last year, with export sales of 967,643,476 Turkish Lira, an increase of 184% (52% increase in dollars). The export share of total sales also increased to 35% in 2022 (2021: 31%).

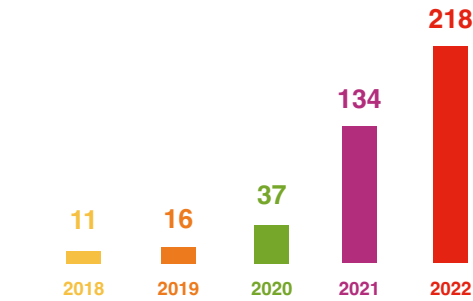
Investments and Financing

In recent years, Tat Gıda has reshaped its product range and decided to focus on tomato paste and canned products as is its main business lines since they have a higher share of total profitability. Following this decision, in March 2021, Tat Gıda completed the sale of its milk and dairy products plant and all other related assets and liabilities in that business line and redirected its investments to its main business line. In 2021, Tat Gıda invested a total of 134,257,764 Turkish lira in capacity expansion, renovation, and maintenance, and 217,835,632 Turkish lira in 2022 on renovation, maintenance, and automation.

Investment expenditures	31 December, 2022	31 December, 2021
Tomato Paste and Canned Food	205,004,602	130,734,914
Discontinued Operations	-	306,028
-Milk and Dairy Products	-	306,028
Investment expenditures that cannot be allocated to segments	12,831,030	3,216,822
Total	217,835,632	134,257,764

Tat Gıda's investment expenditures between 2018 and 2022 (excluding discontinued operations) were as follows:

Continued Operations, Investments (TL Million)



GOVERNMENT INCENTIVES

There are government incentives that allow the Company to pay discounted corporate taxes for various investments it makes. The details of these incentives are stated in the financial statements for the accounting period that ended on December 31, 2022 under the Note 26 - Tax Assets and Liabilities/Income Withholding Tax.

RESEARCH AND DEVELOPMENT ACTIVITIES

Following approval by the Ministry of Science, Industry, and Technology on October 6, 2017, the Tat Gıda R&D Center started operating and benefiting from the incentives and exemptions pursuant to Law No. 5746. The company spent 6.913.252 TL on R&D activities in 2022 (2021: TL 2.422.740 TL).

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT (EBRD) LOAN AGREEMENT

Tat Gıda signed a loan agreement with the European Bank for Reconstruction and Development (EBRD) for a loan amount in Euro or TL corresponding to a maximum of 20 million Euros in order to finance its working capital and investment expenditures, such as efficiency, and the modernization envisaged for its production plants in 2022 and 2023. The first 10 million Euros of the loan has a maturity of 5 years with a grace period of 18 months. The next 5 million Euros has a maturity of 3 years with a grace period of 3 years, and the last 5 million Euros has a maturity of 3 years with a grace period of 12 months. Principal and interest payments will be made every 6 months. As per the relevant limit, a loan of 7.5 million TL was used in November 2022 at an annual interest rate of 6-month Euribor plus 4%.

ISSUED SECURITIES

Details of the bonds and financial bonds issued by the company are stated in the financial statements for the accounting period that ended on December 31, 2022 under the heading Note 6 – Financial Borrowings.

Marketing Activities

Following an active, dynamic year, Tat Gıda’s marketing activities in 2022 highlighted with “Tat Ready to Eat Meal”, “Enjoy Real Tastes With Tat” and "Most Liked Tomato Paste" campaigns. Campaign materials were posted to a wide range of media from TV to digital, and used influencer collaborations and events to reach target audiences and ensure that many consumers became aware of our brand.

The dynamic brand spirit has been in Tat Gıda's genes for 55 years, helping it move forward. 2022 was another strong, active year for the brand in terms of marketing, based on the goal to "do what we do with customer love."

New products in each category were placed on shelves with Tat's assurance and quality.

One of the most important developments in 2022 was the launch of the new Ready to Eat Plate in the convenience food category, and one of Tat Gıda’s most important targets throughout the year was to carry its power and leadership in the tomato paste market into the growing market of ready to eat food category. At the same time, focus on increasing and maintaining the strength of our brand in the tomato paste, tomato products, and sauce categories continued.

With a 360-degree marketing focus, TV broadcasts were the main strategic media in 2022, supported by digital and local dynamics, as well as active use of radio and outdoor channels. The use of TV was not limited to commercials only, campaigns

TAT PRODUCTS

Seasonally Harvested <div></div>	Ready to Eat <div></div>	Taste Boosters <div></div>
<ul style="list-style-type: none">• Tomato Paste• Pepper Paste• Mixed Paste• Organic Pastes• Tomato Products• Organic Tomato Products• Canned Vegetables• Canned Peas• Grilled Foods• Pickles• Local Pickles	<ul style="list-style-type: none">• Canned Ready-Meals• Ready to Eat Meal: Single-Serve (Bowl)• Ready to Eat meal: Heat and Eat• Boiled Foods• Organic Boiled Foods• Bread Spreads• Soups• Jams• Jams with No Added Sugar• Marmalade	<ul style="list-style-type: none">• Ketchup• Spicy Ketchup• Organic Ketchup• Mayonnaise• Garlic Mayonnaise• Mustard• Hot Sauce• Burger Sauce• Ranch Sauce• Barbecu Sauce• Peri Peri Sauce• Pasta Sauces



were supported by product placements and advertorials to the programs determined within the framework of the target audience. The previous year was also a busy year in terms of consumer activities, with target groups who might choose our products invited to different activities throughout Turkey. Influencer communications and influencer content on digital media was diversified. In-store applications and supermarket inserts were also important projects in 2022.

In 2022, major campaigns in three main categories were implemented. The tomato campaign aired predominantly between January and April, supported by advertisements on TV and digital media featuring The Tomato Tastes series created by famous Chef Mehmet Yalçinkaya, as well as localized creative materials targeting local markets. Radio spots using local accents were broadcasted on local radios, and decorations on buses and store facades raised consumer awareness.

READY FOR EACH MOMENT: TAT READY TO EAT MEAL

Consumers' food consumption habits have been changing in recent years in particular, due to the impact of the pandemic as well as the climate crisis, the effects of which have been getting more and more severe. Consumers' demands have increased for healthy, well-sourced, quality, safe food as well as innovative products that match the speed of their lives. This need has become more important than ever.

Growing rapidly around the world every year in terms of turnover and tonnage, the size of the convenience foods sector has

reached a value of over 90 billion dollars and has continued to grow Grow by 1% every year. Turkey, on the other hand, has taken a giant step in this market, which was still in its infancy before the pandemic. In 2022, the ready to eat foods market showed a growth of 96% compared to the previous year.

As a reflection of our mission to "bring natural, healthy food to people", Tat has brought a breath of fresh air to the market with its Tat Ready to Eat Meal , Heat-and-Eat, and Single-Serve varieties. With its innovative packaging, these groundbreaking "bowl" varieties, firsts in Turkey, the Heat-and-Eat meals, and Tat's Ready to Eat Meal series have offered new options for consumers seeking healthy, practical meals. Consumers have shown great interest in vegan products in particular in this series, and they make up a major part of its portfolio.

Tat Ready to Eat Meal come in 9 varieties, 3 of which are single-serve, ready to eat bowls that are gluten-free, high-protein, and vegan, made mostly from vegetables and legumes.

Heat-and-Eat varieties, which were heated in a pan or microwave with their own plate, come either with or without meat. The Meat-free varieties are Veggie Wheat Grains, Mushroom Rice, and Chickpea Rice. The Tat Ready to Eat Meal with meat are White Beans with Meat, Wheat Grains with Meat, and Chickpeas with Meat.

The Tat Ready to Eat Meal campaign started with television and digital ads in the last week of May, supported simultaneously on social media, especially Youtube and

Instagram. Again, during the same period, influencers involved in camping life also cooperated. In July, the campaign was supported by Chef Çağrı's Ready-Meal movies and a sponsorship on Survivor.

Tat Ready to Eat Meal were launched and introduced to target audiences at events including the Istanbul Festival, the 91. Izmir International Fair, the Bursa Gastronomy Festival, the Sustainability Summit and Brandweek.



Scan the QR code to watch our Ready to Eat Meal film.



ENJOY REAL TASTES WITH TAT

Popular with the Turkish people as a ketchup brand after being the first to introduce Turkey to ketchup, Tat Gıda has added new flavors to its sauce family over the years for people to enjoy. The sauce category continued to grow in 2022, with 2 new products added: Tat Hot Sauce, a great choice for people who love hot flavors in a new 230 g pet package, and Tat Burger Sauce, an exquisite homemade flavor for burger fans, in a 210 g pet package.

In addition, Tat renewed the tastes of two sauces in its Tat Sauce product range in 2022. The new flavor of Tat Barbeque Sauce has become a must-have for people who love smoky flavors in their red meat and chicken dishes while Brand new flavor of Tat Ranch Sauce prepared with special spices, garlic, and dill added "Tat" to many dishes, such as pizza, chicken, pasta, salad and meat dishes.

Launched in 2021, this year our sauce commercial, " Enjoy Real Tastes With Tat " re-aired. Collaborations with influencers ran throughout the year in accounts related to these sauces. A significant breakthrough was made on Tiktok with the number of followers doubling compared to the previous year.

Promotional campaigns also ran with 'close friends' products in the sauce category, with in & out deals in discount markets, as well as price deals in online sales channels.

MOST LIKED TOMATO PASTE: TAT

"The Most Liked Tomato Paste" campaign which emphasized Tat leadership in the category aired in the last quarter of the year. The campaign used an array of promotional materials, including labels on the products themselves that read "summer tomatoes" to increase awareness.

The Tat Family social media account posted monthly recipes and animated reels.



Scan the QR code to watch our "Turkey's Most Liked Tomato Paste" film.



Scan the QR code for Chef Mehmet Yalçinkaya's video.

ANOTHER YEAR OF AWARDS!

The 'Enjoy real tastes with Tat' campaign won the 'Silver' award in the Music Sound Design category, the 'Bronze' award in the Integrated Media Use Category, and the 'Bronze' award in the Food/Beverage category at the Brandverse Awards. At the Effie Awards, it won the 'Silver' award in the Basic Food category. It won the 'Silver' award in the TV & Cinema category and the 'Crystal' award in the Food/Beverage category at the Crystal Apple.

The **Tat Ready to Eat Plate** campaign won the 'Grand Prize' in the general category at the Felis Awards and the 'Gold' award in the Food/Beverage category. It won the 'Crystal' award in the TV & Cinema Film Food/ Beverage category at the Crystal Apple.

The **Local Pickles** product package was awarded 'Gold' in the Graphic Design category at Crescents and Stars For Packaging competition



Putting its signature on countless products that Turkey has consumed with confidence and appreciation for many years, Tat's strong performance in 2022 kept its market leader* position in many categories:

59%

Market Leader in Tomato Products

33%

Market Leader in Tomato Paste

28%

Market Leader in Pepper Paste

27%

Market Leader in Ketchup

23%

Market Leader in Pickles**

23%

Market Leader in Ready-Meal**

* Source: Nielsen (Total Turkish Market Measurement Data Excluding IM)

** (Nielsen Supermarket Scantrack)

Exports

Taking firm steps towards becoming a global brand, Tat Gıda’s exports close to 40 countries increased by 52% in USD in 2022 compared to last year.

Exports play an important role in achieving Tat Gıda’s sustainable, profitable growth targets. For Tat Gıda, strengthening the economy through investments, employment, and exports is a national issue and responsibility, and its double-digit export growth continued throughout 2020 to 2022, with sales increasing 52% in USD and 41% in tons compared with the previous year.

The most important categories that contributed to this growth were tomato paste, pickles, and tomato products, with tomato paste growing 48% in USD, pickles growing 108% and tomato products growing close to 275%.

On a country-by-country basis, Tat sales increased by 83% in Japan, 122% in Germany and 62% in Oman.

In the industrial channel, sales worth USD 2.6 million were made in France.

2022 was a challenging year, with the impact of the pandemic decreasing, but its effects continued, especially in shipping and supplying containers due to increasing costs and changing demands. On the other hand, Tat Gıda took many actions to balance increasing prices due to global food inflation by means of new contracts, and actively following processes to keep up with its competition and continue its growth, especially in branded sales.

In 2022, Ukraine was added as an export country, despite the fact that it is a difficult market, with Tat tomato puree making its first sales. In the US market, branded sales expanded in the Texas region following the addition of another distributor. Tat in&out products made it onto shelves at Rewe and Lidl, which are two of the most important chains in Germany. In addition, Tat Gıda started private label mustard-mayonnaise projects in the sauce group, making its first private label sales on the Italian market. Sauce group and boiled products were introduced to the Iraqi market, and sales of out-of-home products increased in Cyprus, where many products were sold to buffets, restaurants, and cafes.

Another category focused on was the convenience food category. In many ethnic markets, these products were introduced on shelves with the aim of growing this category and increasing their sales.

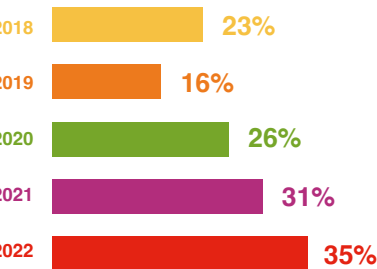
The International Marketing Department was established last year, and its hard work led to the opening of many target markets. First of all, communications were carried out from TAT Bulgaria, TAT Germany, and TAT Iraq social media accounts. Tat Gıda also cooperated with influencers on social media accounts, and sponsored TV shows in Bulgaria and Iraq. To increase our in-store visibility, various stands, POPs, and materials were used to attract consumers' attention to Tat products. In addition to this, sales teams in Germany and Iraq, two of our target markets received extra training.

At SIAL Paris, one of the world’s most important food expertise fairs, Tat Gıda built a 38-square meter stand area and met with different customer groups from many countries. This was also an important opportunity for promoting many products in different categories to potential customers from around the world. In 2023, Tat Gıda will participate in other major global fairs in important markets around the world including Russia Prodexpo, Dubai Gulfood and Germany Anuga.

Tat Gıda will continue to increase awareness of its brands in new countries and markets including the US, UK, Iraq, Europe, and the Balkans through new distributorship agreements.

To achieve its growth targets in international markets and expand its product range, Tat Gıda continues to revise all systems to ensure profitable, sustainable growth, and plans investments in both human resources and information technologies to gain momentum.

Share of Exports in Total Sales



#weaddedtastetolife



SUSTAINABILITY



Our sustainability approach covers all our operations, from the field to production, from the ingredients in our products to all the steps in our business processes. Some of the most important items on our sustainability agenda include reducing our carbon footprint, decreasing our water consumption, waste, and adopting digital agricultural technologies.



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Sustainability Strategy

To achieve a more livable world with a more positive social and economic structure today and in the future, Tat Gıda continues its intensive sustainability work to contribute to the common global goals every year.

Sustainability Approach

Tat Gıda has recently boosted its sustainability performance. With progress in every ESG performance area in 2022, it has become a more active and harmonious organization with a new business approach, which our community and the global business world are increasingly adopting. In addition, Koç Holding, whose sustainability performance is lauded around the world, has approached contemporary sustainability needs with the slogan “To the Future. Together” and Tat Gıda has created an original model to comply with it.

The United Nations Sustainable Development Goals have clearer targets with more and more participants from around the world, while the World Economic Forum determines the frame of the roadmaps based on environmental, social and governance metrics the business world follows to achieve these goals. Tat Gıda’s sustainability model created in accordance with stakeholder capitalism metrics can be broken down into four main categories: **Values, the World, People, and Society.**

In 2022, Tat Gıda worked on its corporate contributions and impacts in more detail on all these topics and defined its goals more clearly. In other words, it set clear targets for social development, direct and indirect contributions to the local and global economies, monitoring the health and well-being of all internal and external stakeholders, and protecting the planet. In order to achieve these targets, Tat Gıda accelerated

its technical work to build a more trackable, reportable, and accountable infrastructure.

Sustainability Management

Throughout 2022, sustainability management focused on increasing active participation by internal stakeholders, implementing effective methods to increase this participation day by day.

Tat Gıda’s sustainability management has a wider base today and has become a structure in which internal stakeholders perceive their work and goals more clearly and actively contribute to development. Sustainability management committee meetings have become priority meetings where environmental and social performance issues are reviewed, steps to improve management quality are discussed, decisions are made, and goals and roadmaps are clarified. Tat Gıda’s sustainability management stands out as a structure that all internal stakeholders contribute to with the highest level of participation.

Tat Gıda sustainability management committees have intensified their efforts to ensure participation by external stakeholders and have started project applications aimed at achieving equal representation by everyone along the entire value chain in decision-making processes. As one of the cultural transformation steps in this regard, Tat Gıda put the employer brand project into practice, under the motto “We have added taste to lives”.



Sustainability Approach and Main Categories



**Our Roots
Values.**

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



**Our Soil
The World.**

Tat Gıda is well aware that humanity's existence depends on a healthy world. One of our core principles is that all our operations, from farm to fork, protect our soil, water, and air, while supporting the preservation of the world through digital agricultural practices.



**Our Effort
People.**

Tat Gıda is an organization that respects the efforts of all its stakeholders like employees, engineers, managers, and farmers it works with. Tat Gıda attaches the utmost importance to the equality and diversity of all stakeholders in an environment free from discrimination, and respects the contribution of all stakeholders to decision-making processes in order to create a more livable world.



**What We Share
Society.**

Tat Gıda has adopted the principle of “sharing its values, soil, and labor with all its stakeholders, making sure that all its products are convenient”. In addition, Tat seeks to enrich society in every region it operates in and to help them get ready for the future through development activities which the company continues without interruption.





Our Roots Values.



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

- Compliance Policy
- Ethical Principles

Compliance Policy

Tat Gıda has adopted the policy of being transparent, fair, and accountable in its relations with all its stakeholders. While carrying out its activities, it complies with relevant legislation and its contractual commitments, and acts according to its "Code of Ethics" In order to demonstrate Tat Gıda's commitment to complying with legal regulations, internal policies, good corporate governance practices, ethical rules, and the principles determined by the Koç Group Compliance Policy, Tat Gıda has adopted its own Compliance Policy.

The Compliance Policy is a set of rules, policies, and procedures aimed to address Tat Gıda's compliance-related issues with a risk-based approach. The Tat Gıda Code of Ethics, which have been updated as part of the Compliance Policy, aim to guide all Tat Gıda employees and business partners. Compliance with the Tat Gıda Code of Ethics is the duty and responsibility of all Tat Gıda employees, with Tat Gıda senior management showing leadership in this regard.

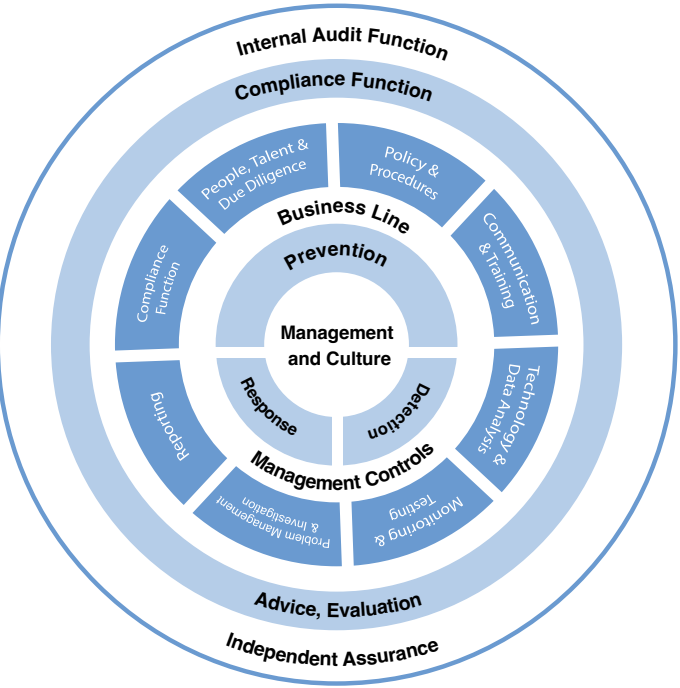
The main operational pillars of Tat Gıda Compliance Program are the following:

- Prevention
- Detection
- Response

The illustration below shows the components of the Compliance Policy and the composition of these components. The Tat Gıda Code of Ethics provide a comprehensive framework for Tat Gıda employees and stakeholders, especially on issues such as human rights, combating bribery and corruption, preventing conflicts of interest, economic sanctions, protecting confidentiality and internal information, and occupational health and safety.

As part of the Compliance Policy, many other policies have been adopted, including but not limited to issues such as sanctions and export controls, anti-corruption and anti-bribery, the supply chain, human rights, personal data protection, and donations and sponsorship issues. You may access the Tat Gıda Code of Ethics and Compliance Policies at our website for organizational details on compliance.

In addition, the Ethics Hotline is available for all stakeholders to report any issues or actions they think might be contrary to the Tat Gıda Code of Ethics. Notification can be made by phone and/or online at the Ethics Hotline. Information about the Ethics Hotline is also available on the Tat Gıda website.



Ethical Principles

Ethical Approach

The Code of Ethics complies with the working life regulations and has been shared with all employees. In the Company, the Compliance Committee, consisting of the relevant Assistant General Manager, the Human Resources Director, the Legal Counsel, and the related other Assistant General Managers or Directors is responsible for the seamless implementation of all compliance rules.

Ethics and Compliance

Tat Gıda runs its business with a transparent management approach with no departure from fundamental human rights and ethical values.

Tat Gıda has adopted the principle that "all Koç Group employees and managers are integral parts of the Koç Group Code of Ethics". Tat Gıda is fully comply with these Ethical Principles.

Inspired by the words of our founder, Vehbi Koç, who said, "Our principle is to behave with good faith and understanding and to comply with laws and moral rules at all times, in order to provide fair, mutual benefits in all our relationships", Tat Gıda has brought together the principles guiding its business model in "The Code of Ethics"" and shared them with all its stakeholders. The 'Code of Ethics ' also includes articles relating to anti-bribery is also available to all employees and stakeholders on the intranet and website. As part of the orientation process, Tat Gıda employees learn the Code of Ethics and Compliance Policies.

The Fight Against Bribery and Corruption

In line with the company's ethical approach and related policy, no concessions are made regarding the transparent management of the company and complying with all necessary procedures.

In accordance with the current working life regulations, bribery and corruption are specified directly as crimes requiring termination of labor contracts. This regulation has been shared with all employees and published on our intranet.

Personal Data Protection and Data Security

Tat Gıda has determined its principles regarding the Personal Data Protection Policy and shared them with the public following approval by the top management.

The Tat Gıda Personal Data Protection Policy consists of 9 Sections and is one of Tat Gıda's major priorities. Tat Gıda informs its customers, potential customers, employees, company shareholders, company officials, visitors, all employees of business partners, their shareholders, and authorities and third parties, of its policies on how it processes data in a transparent way.

Tat Gıda has made all the necessary technological infrastructure investments for the protection of personal data and has started to implement the related applications. To protect personal data of all employees and to ensure information security, trainings were provided for all employees. There are regular audits regarding the protection and processing of personal data.

Sustainable Social Investments

Effective and scalable social investments are crucial for implementing the Koç Group's main sustainability strategy "Lead Together". For this reason, we have prepared the Tat Gıda Community Investment Policy to develop community investments according to common principles that:

- are compatible with the priorities and needs of the regions where we have business activities , and are related to our business strategies,
- establish strong partnership with civil society organizations, international organizations, universities, and individuals in order to put forward applicable solutions,
- have the potential to produce measurable and scalable results and are capable of disseminating these results to other organizations and regions,

- Align with the social and environmental goals as mentioned in the UN SDGs.

Supply Chain Sustainability

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





Our Soil The World.



Tat Gıda is well aware that humanity’s existence depends on a healthy world. One of our core principles is that all our operations, from farm to fork, protect our soil, water, and air, while supporting the preservation of the world through digital agricultural practices.

- Digital Agriculture
- Environment and Energy Management

Digital Agriculture

In accordance with its vision on sustainable agriculture, Tat Gıda makes huge contributions to sustainability by spreading its Contract Farming and Digital Agriculture efforts which enable farmers to produce more efficiently.

To be ready for changes both today and in the future, technology is the greatest tool we have to ensure sustainability. With this awareness, Tat Gıda is pioneering digital transformation across its supply chain from farm to fork, offering a visionary perspective on how to develop digital agricultural technologies and solutions.

With its vast agricultural knowledge, Tat Gıda supports farmers in sustainable agriculture, with the aim of leading agricultural

transformation by spreading digital agriculture and applying new agricultural technologies in food production.

Cooperation to Develop Agricultural Technologies

Technology is critical for sustainability and readiness for the future. Tat Gıda works together with companies and organizations that develop and provide technology to implement digital agricultural applications to solve the problems of the future while creating added value at the same time. Analyzing data obtained by integrating technology into production processes, creating data-driven decision-making mechanisms and algorithms that increase efficiency, and efforts to develop new solutions provide resources and opportunities for sustainable, innovative agricultural production and business models.

In this context, we have initiated efforts to develop an **Irrigation and Fertilization Algorithm** that uses data collected from the fields to calculate the correct and optimal amount of irrigation and fertilization. These developed algorithms will help identify



proper methods and practices to ensure efficiency and improve quality.

Tat Gıda is Transforming the Soil into Digital Fields!

Tat Gıda is one of the few organizations that can effectively use **Satellite Technology** to monitor the health of plants in the field. It is very difficult to assess fields completely, and field engineers spend long hours on it. By using satellite and sensor technologies, Tat Gıda can focus on the areas that need it, thus saving time and resources, as well as increasing production by utilizing data to foresee risks and take timely actions. In 2022, agricultural engineers were able to instantly monitor plant health in an area of 1000 hectares using the Field Health Maps web platform and the Tat Gıda mobile application, analyzing the satellite images and climate data, which led to Tat Gıda achieving a **yield increase of up to 10%**. In addition, for large areas where manual control was difficult, plant development assessments were performed by taking images with drones, whose agricultural observation cameras offered faster and clearer imaging.

Tat Gıda is instantly informed about the weather forecasts of the regions where it monitors agricultural production and the risk warnings of diseases that will affect tomato development with the **4 Agricultural Climate Stations** it owns. The farmers are also informed about the weather forecast and disease risk warnings from these stations via the "Tat Leader Farmer" mobile application.

By the end of 2022, Tat Gıda's investments in digital agricultural applications and mechanization reached TL 25 million over the last 3 years.

One of the most critical problems caused by global warming is water scarcity. Water use is the most important requirement of agriculture, and 70% of the limited fresh water resources around the world is used in agriculture. To ensure that plants receive the optimum amount of irrigation at the right time, Tat Gıda is carrying out research and trials for **Smart Irrigation Technologies**. Tat Gıda uses drip irrigation systems and other methods to ensure effective use of water while reducing the water it uses by about 30%. Launched in 2020, the **Satellite Images Analysis for Irrigation Management** application was implemented on an area of 265 hectares. In addition, climate stations and satellite images help monitor air and soil moisture

Our Digital Agricultural Area Has Grown to 2,600 Decares

Launched in 2018 in a pioneering development in digital agriculture, the size of our digital agricultural fields grew to 2,600 decares in 2022. With agricultural technological solutions and good agricultural practices, Tat Gıda has achieved 10-11 tons of yield per decare in its digital fields, while the average yield per decare was 7-8 tons in the region. Additionally, we lowered the cost of growing tomatoes per ton by 25% compared to the regional average.

to make predictions about irrigation, and then evaluate these predictions for optimal irrigation management.

The sensors on the **Digital Agricultural Sensor Stations** Tat Gıda installs in the fields provide instant information via the web and mobile application, measuring air temperature, air humidity, soil temperature and soil moisture, as well as disease risk and irrigation needs.

Tat Gıda is able to perform direct analysis on fields in all the regions where it receives supplies from or produces with its **Digital Soil Analysis Equipment**. Soil analysis results are ready in 10 minutes, supporting fast and accurate decision-making. These devices can measure 9 different soil structure values, which are analyzed by experienced agricultural engineers to ensure the application of the most suitable fertilization programs.

An important technology in the field of agriculture, **Digital Pheromone Traps** capture pests and photograph them with cameras inside the trap to identify and calculate population density using image processing technology. Besides being used in pest estimation to calculate warning models, they also collect climate data from the field with a sensitive temperature-



humidity sensor, allowing Tat Gıda to take any actions necessary at the right time, saving time and money.

Guided by satellite, **Automatic Steering Systems** help save soil and/or fertilizer without tiring the driver or being affected by weather conditions, even at night, eliminating any unwanted spacing or overlapping. This technology has resulted in 5% space and 17% time savings in tomato production.

Tat Gıda is leading the efforts to reduce risk and increase efficiency along agricultural supply chains by providing transparency and traceability with Blockchain Technology. In line with its digitalization vision to create sustainable food security, Tat Gıda used first in Turkey the TTRACE Platform that a complete smart contract structure in an agricultural supply chain. This project's pilot study was completed this year. When the project finishes, it will make it possible to gather different stakeholders in the value chain on a single platform from farm to fork.

To spread digital agricultural technologies and increase quality and efficiency in agriculture, Tat Gıda provides preliminary information to farmers over the **Tat Leader Farmer Mobile Application**. Using satellite images to analyze plant health, the application provides farmers with information free of charge under the guidance of agricultural engineers.

In addition to helping today's farmers get acquainted with new technologies, Tat Gıda also cares about introducing young, new generations to farming and agriculture. Thus, we are working on new projects to provide knowledge and experience to visionary young farmers who have new generation agricultural knowledge, think agricultural R&D is important, and can use smart agricultural systems.

Digital Field Day

As part of our "Tomato Leaders" project, every year we organize "Digital Field Day" aimed to develop farmers, and their communication, and increasing digitalization in tomato agriculture. This year Tat Gıda organized its 5th Digital Field Day which is an important part of our vision of digitalization with solution partners. These partners set up promotional booths to exhibit their agricultural inputs such as fertilizers, smart agricultural technologies, machines, and seeds and shared their latest applications in the field of digital agriculture with farmers.

Tat Gıda also shares its experiences and successful results in the field with farmers using its digital agricultural applications, contributing to farmers' awareness in these areas.



You can scan the QR code for the details of our works in Digital Agriculture.

Environment and Energy Management

Working for a sustainable future, Tat Gıda works proactively, using digitalization to reduce its carbon emissions, energy consumption, and waste, to save water, and to measure its impact on nature.

Tat Gıda considers digital transformation in production to be an important tool for using global resources efficiently and making potential opportunities in this area visible, and it uses digital technologies to implement sustainable agricultural practices. In 2022, Tat Gıda completed many projects and designed applications in this regard.

In this regard, Tat developed a decision support system backed by artificial intelligence to reduce energy consumption in water supply. This made it easier to choose and use the most efficient water wells, ensuring that the smallest amount of electricity is consumed per unit of water. In another digitalization project, Tat Gıda aims to detect inefficiencies by observing how much electricity production lines consume and taking any actions necessary to reduce it. In addition, Tat Gıda engineers can use management dashboards to monitor energy consumption and intervene when inefficiencies are detected in a timely manner.

Tat Gıda works with an environmentally friendly approach by establishing regulations in production plants, investing in technological infrastructure, and maintaining high standards. Tat Gıda provides training to company employees and to farmers, so they learn about both resource utilization and efficient production techniques.

Tat Gıda has earned certificates for the ISO 50001 Energy Management System, ISO 14001 Environmental Management System, and ISO 14064 Greenhouse Gas Calculation and Verification Management System. In 2022, the company successfully completed the Unified Audit of the Ministry of Environment for ISO 14064 and Customer Audits.

In addition, Tat Gıda conducts environmental risk analyses on all its processes measuring noise, wastewater, water consumption, emissions, solid wastes, hazardous substances, odor, soil pollution, and the use of energy and natural resources. It has also installed an inline/online wastewater pollution measuring system called SAIS. The company uses these systems to measure compliance with legal limits.



Energy Consumption and Greenhouse Gas Emissions

Tat Gıda is well aware of the importance of sustainable agriculture and food practices, and many of its projects seek to specifically identify what measures can be taken to reduce the risks of climate change and to create action plans.

The company works proactively in this area in accordance with the Paris Climate Agreement and the Climate Action step of the Sustainable Development Goals to decrease its carbon emissions and develop projects to lower its energy consumption rates.

The "Smart Water Resources Management System Supported by Artificial Intelligence" project aims to reduce electricity consumption by about 15%. Another project is the investment of 1.7 million USD together with Koç Group Companies to build an energy campus with a capacity of 2MW to supply all the electricity needs of the Torbalı, İzmir plant through solar energy. Other solar energy projects are in development to meet the electricity needs of other plants.

One of Tat Gıda's main focuses in 2022 was realizing its vision of reducing carbon emissions while meeting the goal of leading in cost-efficiency and stakeholder commitment to ensure more environmentally friendly production. As part of the Koç Holding Carbon Transformation Program, the calculations necessary for identifying our carbon footprint in 2022 were completed and long-term, science-based targets were set.

Revision of the ISO 14064 standard for the verification and approval of greenhouse gas declarations was completed in 2022.

In this context, carbon emissions were divided into 3 groups with different scopes

Scope 1: Covers emissions generated directly within the company. These include emissions from vehicles, natural gas consumption, use of refrigerant gases, etc.

Scope 2: Covers indirect consumption, including emissions from electricity consumption.

Scope 3: Covers other indirect consumption, including emissions from raw material use, packaging, waste disposal, etc.

A 1,600,000 Euro investment in economizer systems in natural gas boilers, pre-evaporator waste steam recovery, efficient engine-pump applications, and production process modernization for efficient use of energy resources resulted in savings of 700,000 Euros.

Operational greenhouse gas emissions are tracked and measured and compared year by year.

The Carbon Transformation Program

Tat Gıda is part of the Carbon Transformation Program initiated by Koç Holding, whose goal is to be carbon neutral by 2050. As part of this program, climate-related risks and opportunities are analyzed and action plans are created based on the results.

Greenhouse Gas Emissions	2018	2019	2020	2021
Scope 1 (ton CO ₂ e)	33,328	38,411	42,003	43,801
Scope 2 (ton CO ₂ e)	22,222	22,142	13,640	11,585
Total (ton CO ₂ e)	55,550	60,552	55,644	40,616
Carbon Emissions per Ton (kg/CO ₂ e)	155	251	216	299

Managing Water Risks

Tat Gıda is careful about balancing its consumption of natural resources in agricultural production and takes preventive measures. Its priorities in this regard include ensuring environmental sustainability, using resources efficiently, and discharging wastewater in accordance with legal limits without harming the environment.

Wastewater treatment plants on our production lines follow an environmentally sensitive approach. The biological wastewater plant in the Mustafakemalpaşa factory is the largest privately owned facility of this sort in the region, and complies with

Water Pollution Control Regulations, which dictate the legal limits for water discharge to bodies in the regions where our plants are located. The Ministry of Environment and affiliated Provincial Environmental Directorates monitor the treatment plant's compliance with discharge standards 24/7 through the Continuous Wastewater Monitoring System Booths located in the plant. Moreover, treated wastewater from all wastewater treatment plants are regularly analyzed both in plants' laboratories and by other accredited institutional laboratories.

Water saving projects implemented in plants increased their water recovery rate to 30%.

Water and Wastewater Amounts*	2018	2019	2020	2021
Water consumption (thousand m³)	4,006	3,935	3,877	3,665
Water consumption per ton (m³)	59	41	37	27
Wastewater amount (thousand m³)	2,302	3,530	3,551	3,295

* Total water consumption per year of production

Waste Management

Tat Gıda considers waste management, energy consumption, and greenhouse gas emission reduction across its supply chain to be very important. It's policy aims to reduce waste by preventing it at the source in its plants and facilities, and runs effective projects to reduce waste by recycling.

In addition, Tat Gıda takes measures to reduce energy consumption and its greenhouse gases by cooperating with licensed companies to recover/generate energy from its production plants' waste.

Tat Gıda's use of recyclable packaging is another example of its approach to using resources more efficiently and its environmentally-sensitive production.

In 2022, the use of packaging materials in portion-based sauce productions was reduced by 15% as part of the vision to use environmentally friendly packaging. In addition, organic waste and organic sludge is sent to bio-methanization plants in an attempt to support green energy production.

Waste (ton)	2018	2019	2020	2021
Hazardous	14.31	22.30	21.50	42.15
Recycled	4,050	3,998	3,978	3,355
Recoverd for Energy	1,408,26	3,022,58	8.721,94	7,069,00

	2020	2021	2022
Environmental Fines Received/Paid* (TL)	144,394/108,295	-	-

* Fines exceeding 10,000 USD are reported.



Zero Waste Management System

Tat Gıda contributes to the circular economy with its Zero Waste Management System, which monitors its environmental performance with the goal of continuous improvement.

Caring About Nature and Animal Habitats

Since the day it was founded, Tat has attached great importance to the greenery and landscape projects around its plants and works to create an aesthetic and ergonomic environment. With employee support, it created a 25-decare grove area around the Tat Gıda plant located in

Mustafakemalpaşa, Bursa, featuring new pine, chestnut, cedar, silver spruce, fir, cypress, sycamore, ash, plum, loquat and palm trees, enlarging the grove that had already existed there. Natural Habitats are considered important in Plant Areas.

To protect Anatolian squirrels of the genus Sciurus Anomalus, which live naturally in the area around the Mustafakemalpaşa plant, Tat Gıda has developed a biodiversity project, and built a 'squirrel bridge' and 'squirrel houses' in the trees around the plant.

Human Resources

As part of its cultural transformation work in 2022, Tat Gıda stated its founding purpose as: "We exist to lead the transformation that will bring good & healthy food to everyone".

"We added taste to life"

As part of the cultural transformation efforts, which were one of the most important strategic focuses of the company in 2022, the future strategies of the company were determined, with Tat redefining its founding purpose, taking strength from its 55-year history, as follows: "We exist to lead the transformation that will bring good & healthy food to everyone". In order to support this new founding purpose, Tat Gıda worked on renewing its employer brand , determining its own new motto: **"We added taste to life,"** emphasizing 55-years of history and prominent characteristics. With the new employer brand, work was started on how to better add taste to food, people's lives, farmers, each other, and society as a whole, as well as renewing the entire talent acquisition and value-oriented process from top to bottom, inside and outside the company.

Working to strengthen Tat Gıda's future vision and company strategies, the Human Resources Department focuses on developing, activating, and disseminating innovative and integrated human resources applications.

2022 was a busy year for our Human Resources department with prominent strategic focus on operational efficiency and experience-centered digitalization, cultural transformation based on the understanding of a winning team, talent acquisition and development, talent and leadership development, and employee engagement.

Another part of the cultural transformation was the determination of organizational values and behavior that would support future strategies and Tat Gıda's vision of the future. In this context, we have started to integrate these into the company's efforts to strengthen its values, in recruitment and placement in particular, but also in rewarding and performance management.



Our Effort
People.



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

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

- Human Resources
- Occupational Health and Safety

Talent Acquisition

Tat Gıda's deep-rooted history dates back 55 years making it one of Turkey's pioneering, ambitious, global companies. It carries out production operations in 3 different locations and is a leading company in its sector that continues to grow with its wide range of products.



In this regard, we select and recruit candidates who already have/carry a potential for the competencies to carry Tat Gıda into the future while also supporting their development through objective evaluations based on Tat Gıda competencies and company values, which increase our employees' contribution to business results.

Each candidate who takes part in the selection and placement process at Tat Gıda is evaluated equally and objectively. We use a role-based customized inventory and evaluation center to access talent from different sources. We also effectively manage recruitment channels to continuously grow our candidate pool.

Aware of the expectations candidates have during the application process, one of the principles Tat Gıda has adopted is to give a positive/negative response to every candidate who reaches out to or applies to Tat Gıda. In order for each applicant to have a good candidate experience, we also support and measure all processes using digital tools, and we assess the feedback we get using critical performance indicators in order to improve the process.

With its focus on talent management, the company's strategies in different areas, its growth and globally oriented vision, and

its activities in multiple locations have brought about an intense focus on recruitment. Tat Gıda hired candidates with different functions, experiences, and abilities as employees in 2022 and supported them with a development-based orientation to ensure rapid adaptation. Each employee hired has rotation opportunities to work at different functions and locations as part of their career development plans.

In 2022, digital studies carried out for field employees in order to reach the candidates fast in case of a need, and to carry out evaluations and interview processes. To contribute to women's participation in work life, if two candidates with equal characteristics remained after all selection and placement evaluations, the female candidate was preferred.

To close the talent gap in 2022, cooperation was consolidated with Uludağ University to increase employment and make sure that students take part in joint projects with Tat Gıda to reinforce theoretical knowledge with practical knowledge. In addition, Tat Gıda is taking part in joint projects in software engineer development and licensing terms under the leadership of Koç Holding to create employment opportunities.

Internship Opportunity

Tat Gıda knows that internships are very valuable for introducing students to professional life and providing for the needs of new graduates. In addition to offering short-term internship opportunities, Tat Gıda also runs a “**Talent Factory**” program, which was selected as the most acclaimed internship program in the sector in the Fast Moving (Food) Consumption Category in the Top Talent Top100 program.

This year, the Talent Factory program included work on R&D, Information Technologies, and Production. The selection and placement process was managed objectively, with interns chosen after examination, inventory analysis, and interviews. At Tat Gıda, interns play active roles, and we support their development with intensive training & development programs besides mentoring opportunities. The employment target after the internship has been set at 50%.

Performance and Career Management

The Performance Management System, OKR (Objective & Key Results), in place at Tat Gıda serves to the communication of Company strategies and objectives starting from the top management to all employees. This system makes it possible for employees to adopt company goals and work with a

culture focused on success, development, and feedback throughout the year. Employees are able to constantly review their OKRs, revise them with review (check-in) periods, and set performance goals with new focus areas.

Tat Gıda holds career planning meetings every year to determine the future organization of the company, the development of employees with leadership potential, critical specialties, rotation, promotion, company backup plans, and talent pools. Individual development plans are used to track the development of employees in the talent pools. Monitoring performance indicators helps the company focus on acquiring and developing the talents needed.

Organizational Development and Digitalization

Tat Gıda completed its "Future Fit" project aiming to ensure its experienced organization could adapt to the changing and transforming world, to make its organizational structure more ready for the future, to ensure that processes are improved through automation and digitalization, and to make the organization leaner and more efficient. Tat Gıda aims to develop talents and skills, increase business motivation, and thus create a winning team culture through agile transformation activities that prioritize focus on the customer. We initiated the "**Optimization of Business Processes Project**" which covered all business families in the company and reinforced corporate memory and sustainability, while creating process maps and identifying development opportunities.

In line with Tat Gıda's digitalization strategies, Human Resources carried out important digitalization projects in 2022, in areas ranging from master data to scoring, and from workflows to the employee portal. Furthermore, system integrations and RPA (Robotic Process Automation) applications resulted in significant steps for digitalizing our human resources and increasing efficiency.

Talent Development

Tat Gıda runs training and development programs focusing on individual, functional, and company-oriented development. These programs aim to improve employees' competencies and continuously increase their levels of technical knowledge so they can contribute to the company's vision. Tat Gıda implements not only training programs for development, but also on-the-job learning activities, projects, and rotations as part of the development management approach. All employees are able to plan their development both at home

and at the workplace through the Koç Group intranet portal "Koç Academy" platform, which offers different learning opportunities.

Tat Gıda implemented many new development programs in 2022 in order to strengthen the employee experience and to support the future strategies of the company.



- Senior and middle level managers took part in the "**Tat Leadership Academy**" program, the first module of which started in November 2022, to improve their leadership competency through 360 degree evaluation, individual development plans, coaching sessions, case studies, and action learning teams.
- First-level managers and expert employees in the field participate in the "**Formen Leadership Program**" to improve their leadership skills. This program is also supported by development coaching.
- Field workers, on the other hand, participate in "**Awareness Seminars with Tat**" in addition to on-the-job trainings and legally required trainings under different titles such as Being Me, Being Us, Being a Team, and Managing Stress, all aimed at individual development.
- The "**Winning Culture Development Program**" for office employees in which they participate face-to-face and learn skills based on projects and case studies is in the design process.

Tat Gıda supports company strategies through all the development programs that have been implemented/ will be implemented, while at the same time ensuring the dissemination of training to every employee with a focus on development. In 2022, in order to closely monitor training and development indicators, we developed systems to continuously monitor reports.

Equal Opportunities and Diversity

Tat Gıda evaluates its employees using objective criteria and processes with a management approach that eliminates all kinds of discrimination and prejudice. It works to offer equal opportunities to employees at all levels.

In 2015, Koç Holding signed the Equality at Work Declaration to ensure equality at all levels of the group. Later, 30 Group Companies including Koç Holding signed the UN Women’s Empowerment Principles (WEPs). Koç Holding is one of 10 Impact Leaders of the HeForShe movement run by UN Women. And it continues to actively offer support to increase women’s employment.

Tat Gıda supports the global "HeForShe" initiative supported by the Koç Group, which aims to create gender-sensitive work environments where women employees can find more training and development opportunities, advance their careers, and benefit from equal opportunities. In order to raise all employees’ awareness of this, Tat organizes gender sensitivity training.

In 2022, the company revised its orientation program and actualized the "StarTAT Program" to focus on experience and development. Office workers got the opportunity to acquaint themselves with the company and all departments in this program, and the orientation experience was improved through social and development-oriented activities so they could learn from each other, and get to know and cooperate with new employees. This program is renewed from end to end to give better mentoring support for each new employee using continuous feedback received through the system and monitoring the experience.

Training and Development Activities Continued without Interruption

Training and development were important activities on Tat Gıda's agenda in 2022, prioritizing leadership, agile transformation, digital transformation, competence, technique, coaching training, and development programs.

In 2022:

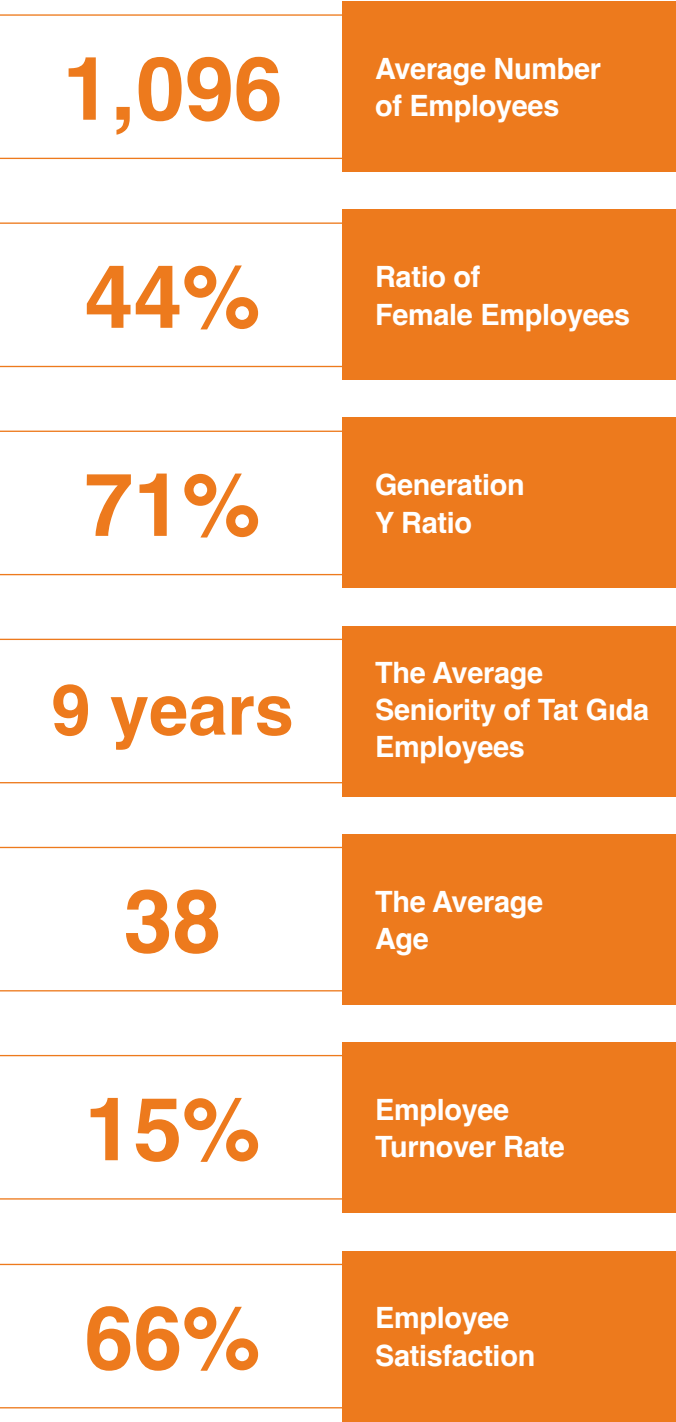
- Office workers received **8,219.5** hours of outsourced training. Training hours per person amounted to **43.95**.
- Field workers received a total of **23,096** hours of training. Training hours per person amounted to **25.4**.

Employee Experience and Engagement

Employee engagement surveys measure employee engagement every year. The most important goal in this process is to carry out focused studies by continually getting feedback from our employees. Therefore, transformation teams were established in 2022 whose focus was to improve employee engagement. Teams consisting of volunteer employees gathered insights, suggestions, and took improvement actions. Other actions were taken on priority areas at the suggestions of these teams.

Since improving employee experience is a critical focus for employee engagement, all management teams participated in leadership workshops with a focus on employee experience. Ethnographic studies were conducted to closely monitor the experience of employees and to determine areas where it could be improved. Critical experience points for employees including factory locations like the dining hall, cafeteria, and the rest area were renovated and the transition to an open office format in the headquarters continued. An increase of 16.6 points was achieved in the employee engagement survey for the year 2022.

WE ARE STRONGER TOGETHER



Recognition and Rewarding

Tat Gıda uses different reward systems to celebrate employees' achievements that make a difference, to appreciate them in a timely manner, and to share their happiness.. Every year, the most successfully executed projects are identified and these achievements are celebrated with ceremonies. Tat Gıda aims to recognize exemplary behavior and achievements based on company values, to increase solidarity within the company, and to support ever-developingby revealing the best practices through the reward system that covers all employees. In addition, annual award ceremonies are held to reward employees who have worked for many years at Tat Gıda.

A total of 63 people received spot awards in 2022. More than 100 employees received awards as part of the continuous improvement efforts for the "Bests" of the year. In addition, employees earn rewards under the TPM and recommendation system.

A Year of Strong Unity with Employees

2022 was full of events that brought Tat Gıda's employees together, such as ceremonies to celebrate the start of the production season, celebrations for setting production records, regular monthly and 3-month information meetings, and events such as BizBize. These all consolidated the 'Winning Tat' feeling.

44% of Employees are Female

In 2022, the proportion of female employees at Tat Gıda was 44%.

The Right to Unionize & Occupational Health and Safety

Tat Gıda respects the right of employees to unionize. It aims to ensure the continuity of peace and tranquility at work by complying with the laws and collective bargaining requirements within the framework of the trust-based relationship established with trade unions and employees.

In order to increase internal communication and to share information about projects to be carried out in plants, to receive support, and to act together, regular weekly meetings with trade union representatives and business leaders were initiated. In addition, union representatives and members are actively involved in many projects carried out within the



company, especially the OHS Cultural Transformation and the Effective Leadership Project.

Keeping the health and safety of its employees as one of its top priorities, Tat Gıda complies with legal regulations in line with its employee health and occupational safety policy, and develops both its plants and employees in this field.

Human Rights and a Fair Work Environment

Tat Gıda’s approach to human resources centers on employees. The development programs offered under the roof of the company, in-house trainings, social events, and benefits offer a work environment that makes employees feel happy and safe.

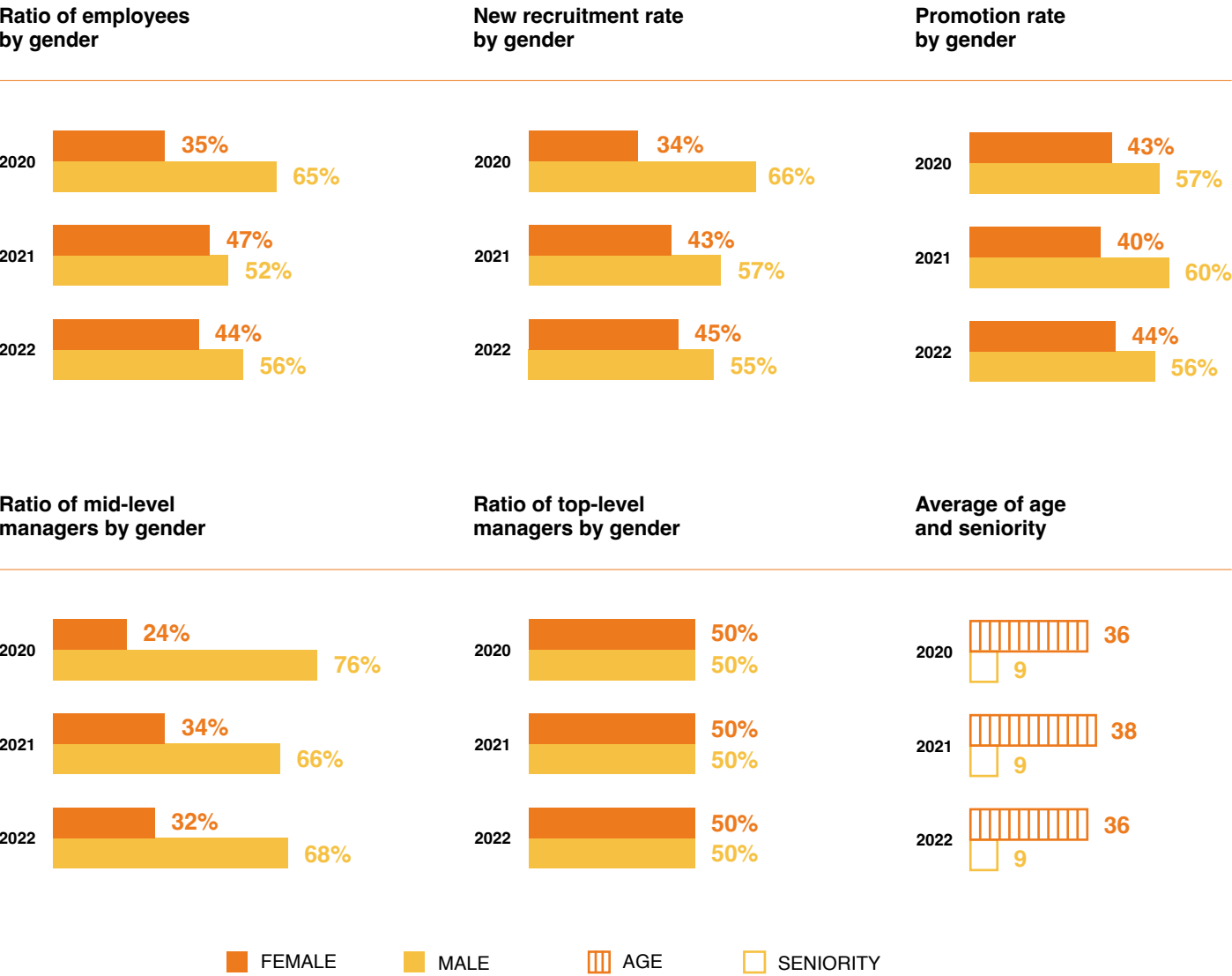
The Ethical Code of Conduct and Principles of Practice that comply with the principles and culture of the Koç Group shape the company’s personnel regulations.

While providing a safe and peaceful working environment to employees, the priority approach focuses on respect for

fundamental human rights and continuous improvement. Tat Gıda operates with a fair reward and talent management policy and gender equality between men and women, offering its employees a free space where they can develop themselves.

The human resources policy, which is against all kinds of discrimination, including but not limited to language, religion, race, and gender discrimination, prioritizes the protection of the rights of employees and contributes to the realization of the company’s goals.

In addition, Tat Gıda has adopted Koç Group’s approach shaped by the UN Universal Declaration of Human Rights and ILO Declaration on Fundamental Principles and Rights at Work. It follows and complies with policies regarding diversity, the prevention of discrimination, zero tolerance for child labor and forced labor, freedom of trade union associations and collective bargaining, health and safety, zero tolerance for harassment and violence, work hours and compensation, personal development, data privacy, and political activities.



Employee Number - end of December	2022	2021	2020
Female	200	212	204
Male	573	441	645
Total	773	653	849

Average Number of Employees	2022	2021	2020
Female	483	491	374
Male	613	534	710
Total	1,096	1,025	1,084

Occupational Health and Safety

In 2022, Tat Gıda launched its "Occupational Health and Safety Cultural Transformation Project" at its Mustafakemalpaşa Factory with the goal of reaching "Zero Work Accidents". It was then expanded to the Karacabey and Torbalı plants.

The basis for Tat Gıda’s approach to occupational health and safety is to provide a safe work environment where employees can do their jobs and to minimize possible occupational health risks. Tat Gıda addresses the issue of occupational health and safety through a holistic approach and ensures that this integrated understanding is practiced in all its production plants and offices.

Tat Gıda manages occupational safety with a participatory approach, primarily through practices that involve the management team and all employees. It supports this approach with participation by senior management and employee representatives on Occupational Health and Safety Boards at all its locations. Tat Gıda works to raise awareness that Occupational Health and Safety is the responsibility of all employees. The company ensures sustainability by being an organization where occupational safety specialists and medical teams working in all the plants can act in parallel with common, standardized policies and procedures.



In 2022, Tat Gıda launched the "Occupational Health and Safety Cultural Transformation Project" at its Mustafakemalpaşa Factory with the goal of reaching "Zero Work Accidents". This was then expanded to the Karacabey and Torbalı plants. As part of the project, an executive board was established, consisting of top management representatives, production plant leaders, occupational health and safety experts, and union representatives. This board actively follows up on the project’s work through regular monthly meetings.

The Occupational Health and Safety Cultural Transformation Project launched in 2022 aims to strengthen awareness, especially for field employees. As part of the project, all employees and the management team have individual goals they must fulfill. In addition, large amounts of data indicators are monitored throughout the company. Managers conduct Occupational Safety Patrol visits to make field observations. SMAT (OHS Audit and Training) applications have been implemented to support development in the field.

Under the Safety Patrol, a management team of experts inspects the occupational health and safety measures at different sites every 15 days with follow-ups on remedial actions determined during the inspections. SMAT inspections include field managers first supervising a field operation with a list of questions, then providing instant, on-site training through conversations with employees.

Tat has also implemented SOPs (Standard Operation Procedures) in order to standardize operations. Visual training content indicating which tasks should be performed and how, and family-themed visuals now hang in production areas to stimulate employee awareness, and awards were given for reporting near-miss accidents as well with the goal of increasing employee awareness on a wider scope.



Safe Work, Safe TAT

All the efforts and improvements instituted as part of the Occupational Health and Safety Cultural Transformation Project proceed under the motto, "Safe Work, Safe TAT", and have resulted in a 69% decrease in accident frequency compared to the first 9 months of 2022, despite an increase in the number of employees.

Tat Gıda provides every new employee with 12-hour Basic Occupational Health and Safety training. In 2022, new employees also received training on job-specific risks and standard operating procedures, along with legal training. Field leaders attended business law seminars to raise their awareness and ensure that they understand their responsibilities. A total of 65 people received first aid training at Tat Gıda in 2022.

Occupational Health and Safety Single-Point Courses (Toolbox Trainings) are designed and provided by field leaders based on the needs identified as a result of following risk analyses, safety patrol, SMAT, and Intenseye. Safety patrol and SMAT trainings were provided for management and employees. Occupational health and safety boards were restructured and participants received training. This year, evacuation and fire drills were carried out as well.

Expansion of the Intenseye Project

The Intenseye Project is an important project whose goal is to use cameras installed in the plants to monitor for unsafe behavior and instantly trigger alarms with the occupational health and safety experts in charge of the field so they can take action. It was launched as a pilot project in 2022 and, after obtaining efficient results, the decision was made to expand it.

According to the annual training plan, the health unit conducted a training campaign every month. Apart from on-the-job trainings, health training for female employees and training about field risks were given regularly at all 3 production plants. The health unit also provided scripted first aid exercises.

The health department performed two audits every month, one announced ahead of time, and the other one unannounced, that included hygiene inspections in the common social areas (dining hall, cafeteria, changing rooms, WC, etc.) Any necessary remedial action and training repetitions were designed based on the results of the audit. Work on closely monitoring COVID cases and the adoption of preventive activities continued.

Tat Gıda aims to increase knowledge and awareness of occupational health and safety issues with the subcontractor companies it works with. No cases of fatal occupational accidents or occupational diseases have ever occurred at Tat Gıda or its subcontracting companies, including 2022.

	2020	2021	2022
Occupational Disease Frequency (OIFR)	0	0	0
Lost Time Accident Frequency (LTIF)	43.99	62.30	33.17
Accident Frequency (TRIF)	65.65	95.20	52.22
OHS Training Hours (employee*hour)	7,189	21,492	27,994
Fatal Accidents	0	0	0

Sustainable Agriculture with Farmers

Tat Gıda believes it is important to work in cooperation with farmers, who are the most critical stakeholders, and to lead the way in terms of both financial support and the use of new technology in order for them to be able to continue their work.

Farmers are trying to produce and provide safe food every day while coping with many problems. Issues such as the shrinking amount of arable land, decreasing productivity, and anomalies caused by the climate crisis are all highly relevant to both farmers and companies engaged in food production. 80% of farmers in Turkey are struggling to adapt to climate change, and these problems have caused the number of farmers to decrease in recent years. Data from the last 5 years show that the number of farmers in Turkey has decreased by 28.7%.

Farmers need sustainable agricultural policies and a wider use of agricultural technology to reduce costs and increase productivity, and to do this they need technology to be produced, and share their knowledge and experience. Tat Gıda's practices support the farmers it works with, with the aim of creating an environment in which many business partners who are leading the technological transformation of agriculture and food can cooperate easier thanks to new investments.

With its vision of sustainable agriculture, Tat Gıda aims to help farmers develop, communicate easier, and make digitalization more widespread in tomato farming. Through its contract farming and digital agriculture projects, Tat Gıda enables farmers to produce more efficiently, while also providing financial aid which help farmers continue their business.

Contract Farming

One of the first companies to implement "Contract Farming" in Turkey, Tat Gıda has been practicing this uninterruptedly for 55 years to ensure the continuity of the ecosystem. It works with over 1000 farmers, about 500 of whom are contracted.

The basic working principle of this model is a contract between farmers and the industrial plants that process crops, according

to a long-term projection of agricultural supply and a win-win understanding. This model contributes significantly to the sustainability of agriculture in regions where these production plants are located. Farmers get support throughout the process with contracts made at sowing time before the tomato season, through in-kind and cash advance payments as well as digital agricultural support until harvest time. Tat Gıda supports farmers' cash flow with advance payments, but also offers in-kind advances for seedlings, seeds, fertilizers, and drip irrigation systems.

In 2022, approximately TL 31.5 million was paid in cash advances and approximately TL 41.5 million was paid as in-kind advances, totaling **about TL 73 million** paid in advance to help finance and support farmers.

Agricultural Value Chain

The "Agricultural Value Chain" project that has been initiated, enables contract farmers to benefit from the financial resources of the company to create value and to maintain their financial sustainability. In this context, farmers obtain agricultural financing without waiting for their receivables to mature, without the need for limit procedures, without collateral, and at favorable market conditions. In addition, in 2022, for the first time, farmers were given **Efficient Farmer Credit Cards** that were interest-free and payment free until harvest time, so they could buy their agricultural inputs without predetermined conditions and collateral. 157 farmers received additional financing opportunities in this project.

2022 TISK Award Program

Tat Gıda won an award with its "Contract Farming and Digital Agriculture Program" at the Corporate Social Responsibility Award Program which has been organised every year by TISK (Turkish Confederation of Employer Associations).



What We Share Society.

Tat Gıda has adopted the principle of "sharing its values, soil, and labor with all its stakeholders, making sure that all its products are convenient". In addition, Tat seeks to enrich society in every region it operates in and to help them get ready for the future through development activities which the company continues without interruption.



- Sustainable Agriculture with Farmers
- R&D
- Quality

R&D

Tat Gıda R&D Department continued to increase its number of national and international project applications and incentive amounts, and carried its activities into the international arena, receiving project acceptances from international funds in 2022.

R&D activities provide many benefits, including but not limited to the ability to compete in domestic and international markets, becoming and remaining a leading company in the industry, developing new products and services, making and protecting an identity as an innovator, and satisfying customers who expect change and innovation. Tat Gıda has become a leader in R&D in domestic and foreign markets by understanding the evolving needs and expectations of its customers, focusing on consumers and customers, leading in cost effective methods, supporting leadership practices in sustainability and agriculture, and offering research and development opportunities in the field.

In order to improve its qualities and quantities of R&D activities and increase cooperation, it receives R&D support from TUBITAK, the Ministry of Agriculture and Forestry, and International R&D Support and Funds.

By developing innovative products, Tat Gıda R&D Center contributes to rejuvenating consumer experiences and its brand, while bringing and executing non-product projects that will serve different purposes and goals in the company. In addition, the R&D Center follows the funds available for conducting R&D activities in line with company priorities and focal points, and brings these funds to the company.

The R&D Department is designed as a structure consisting of product-based (sauces, convenience food, pickles and tomato products, etc.) specialist families. There is an organized working order covering domestic and international product development according to food legislations and regulation

management principles. There is also expertise in packaging, new technology, and business development to manage customer expectations end to end. University collaborations, incentives, and national/international project applications are also tracked by a group of experts.

The R&D Center conducts its activities with an expert team of 18 engineers, researchers of basic sciences, and technicians holding PhD and master's degrees. 67% of the employees at the Center are female, and 33% are men. 17% of the team consists of technicians and 83% of engineers. 22% of the employees have a postgraduate degree.

A total of 5 TUBITAK-supported projects have been successfully completed at the R&D Center so far, and rights to international funding have been obtained for 3 projects. Together with self-funded projects, a total of 29 projects have been completed and implemented.

In 2022, 2 new products - Ready to Eat Meal Dishes and new sauces - completed their R&D processes and were introduced to the market.



National and International Academic and Private Sector Collaborations in R&D

Tat Gıda collaborates with many organizations on new products, and research and development projects. During the year, in cooperation with different private and public organizations, Tat Gıda applied to an international fund program for a total of 7 projects and to a national fund program for 3 projects. In addition, Tat Gıda is currently conducting national and international projects with public research institutions and non-governmental organizations on waste recovery and green energy issues. In addition to its new product projects with private organizations, other work focuses on various topics related to sustainable food systems.

The protocol signed with Bursa Uludağ University (BUU) aims to provide academic support to R&D studies, to carry out joint scientific research, and to share experiences and research results with universities and organizations in the sector.

It completed an agriculture project carried out jointly with Ege University.

Tat Gıda is also cooperating with different departments at METU on 3 projects on the climate and alternative foods that have earned international funding. Many universities, both domestic and foreign, are also project partners.

In 2022, Tat Gıda became a member of the Turkish Food Innovation Platform (TUGIP), which offers a communication network for all actors in the food and beverage sector and aims to become a leading platform in R&D and innovation. In addition, Tat Gıda's representatives were speakers at the 14th International World Tomato Congress and the 5th Traditional Foods Congress.





R&D Studies Have Moved to the International Arena

Research and development in the field of food and agriculture is critical for the sustainability of reliable food production in the future. Tat Gıda has developed projects and submitted applications in consortia with suitable European Union programs within the framework of its focus areas.

Horizon Europe is the world's largest civilian R&D and innovation program. It is an essential program designed to raise Europe's innovation capacity, competitiveness, and employment and to meet society's priorities. It brings together many researchers and research organizations from different countries, especially in Europe, allowing them to produce and disseminate critical output together. Its project evaluation process is highly competitive. For this reason, accepted projects are based on strong R&D and innovation activities with great potential to produce concrete output that can be disseminated.

Tat Gıda has taken important steps towards becoming a global company, and it has set itself the goal of becoming a pioneer in R&D and innovation on international platforms as it already is domestically. Getting ahead in international competition means taking part in global R&D studies.

Research and development will continue for the next 4 years, creating prototypes, piloting field tests, and spreading best practices.

In addition to developing new products to meet its customers' needs and expectations, Tat Gıda also develops national and international R&D projects, and adds new technologies and business models to its operations thanks to its science-based approach.

EU Support for Tat Gıda's R&D Projects

Alternative protein from sustainable sources!

The ProxIMed project aims to promote the inclusion and use of alternative proteins obtained from sustainable sources in Mediterranean food and feed systems. The project plans to use alternative protein sources: mostly plants, lentils, and traditional protein sources such as broad beans, but also chia seeds, the new seed for the Mediterranean, and "new foods", like micro algae, insects, micro-proteins, tomato and mallow leaves, and common duckweed, as well as agricultural and industrial side products such as tomato, sesame and date pulps. Another goal of the project is to meet the needs of consumers and food producing companies in a sustainable way by processing and consuming new and traditional protein sources in the Mediterranean region by integrating them with innovative protein extraction and food processing methods. A total of 17 partners from 9 countries, 3 of them from Turkey, will work together on this project. Tat Gıda, METU, and Uluova Süt Ticaret A.Ş. are the Turkish partners in the project. The 14 other foreign partners include universities and other organizations such as Hochschule Weihenstephan-Triesdorf, Deutsche Institut für Lebensmittel (DIL), the American University of Beirut, Assiut University, AINIA, Malta College of Arts and Science, and Technology University of Parma.

Both agriculture and solar energy generation in the same place

The PV4 Plants will make it possible to both farm a field, and obtain solar energy from it at the same time. The project aims to increase land use efficiency, crop yields, and renewable energy production by increasing the energy-agriculture synergy of Agri-PV technologies to

improve the growing conditions of plants. The project system to be developed will be tested at sites in Turkey, Spain, and Denmark to demonstrate its compatibility with different climate conditions and product varieties. 14 organizations, 4 of which are from Turkey, are participating in the PV4Plants project. The consortium is coordinated by Kalyon Solar Technologies Production Inc., with other Turkish partners METU-GUNAM, Yıldız Technical University, and Tat Gıda, with 10 other foreign partners.



The SolarHub for sustainable food and safe food production

The general goal of the SolarHub project is to strengthen the connections between the innovation systems of Turkey and Greece and to create a combined ecosystem of agricultural practices. It also aims to develop the green innovation capacity of the consortium to create 4 outdoor solar energy solutions to support sustainable and safe food production in the Mediterranean region. A total of 21 organizations, 11 of which are from Turkey, are taking part in the project. Among the stakeholders from Turkey are METU GUNAM (METU-Solar Energy Research and Application Center) (Coordinator), Ege University, Middle East Technical University, Istanbul Technical University, the International Solar Energy Society's Turkey Branch, Kalyon Solar Technologies Production Inc., Solimpeks Energy Industry and Trade Inc., Tat Gıda., TUBITAK, the Ankara Metropolitan Municipality, and the Ankara Gölbaşı Chamber of Agriculture.

Quality

For Tat Gıda, the year 2022 marked the beginning of an important transformation process in line with its quality approach that centers on the customer. We restructured our quality organization, invested in technical infrastructure and human resources, and improved our processes to better understand customer expectations and meet their demands faster.

Tat Gıda has been producing with no compromise on quality or hygiene standards since the day it was founded, and Tat Gıda believes that quality products are possible with quality input and processes, and manages quality 'from farm to fork'. The highest quality inputs are converted into products checked by Tat Gıda engineers using the latest technological equipment from the field to the fork.

Tat Gıda focused on improving its quality competence in 2022 with the goal of raising food safety standards and increasing customer satisfaction to a higher level. First, it expanded and restructured its organization for better quality assurance and quality system management to support its export growth strategy. The newly established quality system management directorate determined quality shift responsibilities to provide 24-hour quality assurance.



Continuous Improvement with Lean Six Sigma!

Tat Gıda has adopted the continuous improvement approach as its way of doing business, carrying out these efforts using the Operational Excellence methodology, which ensures increased value for customers and is based on the efficient use of resources. Together with a methodology called the Tat Excellence System, it supports cost-effective leadership with special participation by field employees to achieve the goal of equipment excellence.

The Lean Six Sigma methodology improves work processes by continuously addressing difficult engineering problems with help from engineer employees.

As part of the Lean Six Sigma program, 15 employees possess white belt certificates, 26 possess green belt certificates, and 6 possess black belt certificates. Within both methodologies, nearly 60 large projects were completed at the plants in 2022. At the same time, more than 1,000 small suggestions were produced with participation by all employees and about 200 B/A kaizen projects were completed.



Completed Quality-Oriented Investments and Projects

Investments made to improve quality throughout the year included renovating the laboratories in the Mustafakemalpaşa facility, new laboratory equipment at all plants to increase measurement capacity and competencies, and modernization in chopped tomato production to raise product quality to the global benchmark level in both structural and sensory aspects.

Transferring sauce production to a new production plant and modernizing the pickle production building also raised production processes and food safety standards to the international level. In addition, a viewing terrace and customer experience center was built so customers can see how production takes place, as well as participate in product tasting, presentations, workshops, etc. Many major national and international customers visited this area throughout the year.

Using the tracking platform TRACE with its Blockchain infrastructure, the first steps were taken to monitor products throughout their journey from farm to fork, starting with a pilot study of tomatoes from the farm to the Karacabey factory.

In 2022, many of Tat Gıda's projects centered on employees, aimed at raising their satisfaction, including renewal and increased capacity of employee offices, dining halls, changing rooms, cafeterias, etc. Air conditioning investments ensured thermal comfort in production areas. To raise OHS awareness, a cultural transformation program was initiated with the target of reaching zero occupational accidents, which reduced occupational accidents more than 50%.

Extensive studies have been carried out to understand the expectations of field employees, through various analysis (Ethnographic research, pulse surveys, etc.), and routine communication meetings with change ambassadors and field workers.

The Goal is Higher Levels in 2023

In line with its growth plans and vision of becoming a global food company, Tat Gıda prioritized infrastructure development in 2022 in order to raise food safety and production-quality standards to the highest level. In 2023, these efforts will continue with new projects implemented according to the continuous improvement approach.

Nationally and Internationally Certified Plants

At Tat Gıda plants, all production complies with Turkish Food Codex regulations, TSE and GFSI (Global Food Safety Initiative). In addition, export customers can request other certifications.

Tat Gıda has also earned international certificates in proof of its quality and reliability; such as "Japanese Agricultural Standards (JAS)" based on Japanese standards, TS EN ISO 9001:2015 Quality Management System , FSSC 22000:Version 5.1 Food Safety Management System, TS EN ISO 14001:2015 Environmental Management System, TS EN ISO 50001:2018 Energy Management System, , BRCGS Version 8 (British Retail Consortium Global Standards), IFS Version 7 (International Food Standards), FDA (Food and Drug Administration), Halal food and TSE COVID-19 safe production certificate.

BSCI (Business Social Compliance Initiative) audits were carried out.

Mustafakemalpaşa and Karacabey Plants earned the 'Organic Agriculture Plant Certificate', and the Karacabey Plant earned a Kosher certificate.

In 2022, Tat Gıda's BRCGS certification was renewed as A+, and IFS certification was renewed at the Mustafakemalpaşa and Karacabey plants at a Higher Level. For the first time, the Torbalı plant received a Higher Level certificate for the IFS process in 2022. Certifications of FSSC22000 Food Safety and ISO 9001 Quality Management were renewed without any non-compliance.

Tat Gıda was also promoted from grade B to A by McDonalds SQMS (Supplier Quality Management System Certificate) audit with 96% success. Also, Tat Gıda successfully passed Customer Surveillance Audit done by Migros, Amazon, Kagome and Wünsche.

Digital Transformation

It also implemented strong digital transformation initiatives throughout the company in line with its targets in Türkiye and around the globe.



As part of its strategy for digitalization, Tat Gıda made a total of 70 RPA scenario live in 2022, creating potential 40,000 hours/11 million TL in savings.



The new robotic collection system (ASRS) which is helpful in saving on costs and increasing shipment speed and accuracy, has made it possible to automate 11% of all warehouse operations. The system's 99% accuracy resulted in a 4-fold gain in floor area.



The company also started its first IoT project, an artificial intelligence supported water resources management system, which saved 40,241 kWh of electrical energy and prevented the emission of 22,333 kg of CO₂ over 3 months. The project should save an additional 15% in the coming period.



To increase customer satisfaction and provide better solutions, the infrastructure of tat.com.tr was redesigned for e-commerce and the company's first digital channel, the Export B2B Portal was launched online.



For example, a new, cloud-based platform makes the approval process for all visual content faster, more flexible, and user friendly, offering mobility and end-to-end material version management to increase efficiency across a sustainable structure.



Due to our integration and automation approach regarding the ERP systems, we have obtained better traceability and 3,000 hours worth of gain in automation.



As the world of today requires, a "Data and Analytical Reporting" infrastructure has been prepared that makes our data visible in a measurable way and supports decisions that need to be made quickly. This foundation led to a structure that uses artificial intelligence to make predictions about the future for many critical processes such as the Supply Chain, Production, and Quality.

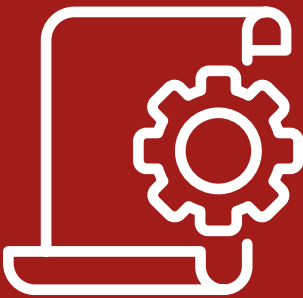


To improve internal communication and facilitate access to company information, the "Working Hub" platform was introduced, integrated with AI technology, smart approval systems, and the SAP system allowing employees to access critical applications and content over a single platform.

#weaddedtastetolife



CORPORATE GOVERNANCE



Our dream is that our consumers remember us as an exemplary brand due to our efforts to add value to people, society, and the environment in the fundamental, vital field of food production, and to spread this success all over the world.



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Corporate Governance Disclosures

CHAPTER I

Statement of Compliance with the Corporate Governance Principles

In accordance with how important our Company considers compliance with the “Corporate Governance Principles” enacted by the Capital Markets Board (“CMB”), we fully complied with all the obligatory principles enforced by Corporate Governance Communique (the Communique) No. II-17.1 in 2022, and we also complied with a majority of the nonobligatory principles. Our goal is to comply fully with the nonobligatory Corporate Governance Principles, and we are putting maximum effort towards this end. We have not yet achieved full compliance for several reasons, such as challenges arising from the application of some of the principles, ongoing discussions concerning compliance with certain principles both in our country and internationally, and the mismatch of some principles with the structure of our Company and the market. We continue to work on the principles that have not yet been applied, and following analyses of the administrative, legal, and technical infrastructure of our Company, we will consider applying them to contribute to our efficient management.

SAHA Corporate Governance and Credit Rating Services, Inc. (SAHA), which is authorized to carry out ratings in accordance with the Corporate Governance Principles by Capital Markets Board (CMB), revised up our Company’s Corporate Governance Rating to 9.53 (95.32%) on December 28, 2022.

The report issued by SAHA regarding our Corporate Governance Rating is attached for further information; which is disclosed on our Company's website www.tatgida.com. The breakdown of our company's Corporate Governance Rating by sub-categories is provided in the table below.

Sub-categories	December 2022	December 2021
Shareholders	95.85	95.85
Public Disclosure and Transparency	97.37	96.99
Stakeholders	98.13	98.13
Board of Directors	92.29	92.11
Corporate Governance Compliance Rating Note	95.32	95.17

In accordance with regulations, the main nonobligatory Corporate Governance Principles that we have not yet fully complied with are below and additional explanations are provided in the relevant parts of the annual report.

- Pertaining to principle number 1.3.10, the general assembly includes a special agenda item for donations and the general assembly document explains the details of the highest donation amount. The remaining amount for which the details were not provided, includes donations to various parties each below 50.000 TL, which were not deemed as material information to our shareholders. Our investors do not follow the donations lower than this amount, and in the upcoming years, statements will continue to be provided with a lower limit that will be determined according to conditions.

- Pertaining to principle number 1.3.11, while general assembly meetings are held publicly under ordinary conditions, to protect public health in accordance with the restrictions placed on group meetings by the relevant public authority regulations as part of the measures against the pandemic, in 2022, shareholders were given preference to the general assembly meeting rooms.

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

- Pertaining to principle number 4.4.1, there was limited opportunity to hold physical board of directors meetings in 2022 due to the Covid-19 pandemic. In 2022, five physical meetings were held. Other than the decisions made at the said meetings, all board decisions were made by informing members beforehand and hand delivering the necessary documents.

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

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

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

- Pertaining to principle 4.5.5, we form committees based on board members’ knowledge and experience in accordance with the relevant regulations. Some board members are assigned to multiple committees, and these members supplement communication between related committees and increase collaboration opportunities. Considering that the number of board members is 9 and the number of committees required to be formed in accordance with the CMB regulations, compliance with the principle does not seem feasible in practice. Considering how well these committees work and take advantage of board members’ knowledge and experience, no changes to the committee structure are foreseen in the near future.

- Pertaining to principle number 4.6.5, we publicly announce the payments made to our board members and administrative managers at our Ordinary General Assembly meetings and in financial statement footnotes in parallel with general practices. This issue is important in terms of the confidentiality of personal information, but we closely follow market practices and will continue to act in parallel with common practices.

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

The 2022 Corporate Governance Compliance Report (CGCR) and Corporate Governance Information Form (CGIF) prepared in accordance with decision no. 2/49 of the CMB on 10.01.2019 and approved by our Company’s Board of Directors are attached as an annex to the annual report (pages 93-105). These documents are also accessible on our Company’s corporate governance page on the Public Disclosure Platform: <https://www.kap.org.tr/tr/sirket-bilgileri/ozet/1091-tat-gida-sanayi-a-s>

CHAPTER II

Shareholders

2.1. Investor Relations

A unit established under the Office of the Vice General Manager of Finance and Accounting is responsible for managing relations with the shareholders of Tat Gıda Sanayi A.Ş. The Investor Relations Unit prepared the Investor Relations Report, which was approved by the Corporate Governance Committee on 20.02.2023 and presented to the Board of Directors. Contact details for the Investor Relations Unit are below:

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

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

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

Hikmet İN
hikmet.in@tat.com.tr

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

2.2. Use of Shareholders’ Right to Obtain Information

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

2.3. General Shareholders' Meetings

The Ordinary General Shareholders' Meeting was held on March 17, 2022. The General Shareholders' Meeting Minutes are available on our website and at the Electronic General Shareholders' Meeting portal of the Central Registry Agency. In addition, shareholders can analyze these minutes at the headquarters on demand. At the ordinary general assembly meeting held in 2022, information was given about donations and grants made in 2021 with a separate agenda item in the general assembly, and the proposal that the upper limit of donations to be made in 2022 would be 0.4% (four per thousand) of the previous year's revenue was voted on and passed. There was no change in the Articles of Association during the period. In addition, in line with the Corporate Governance Communiqué of the Capital Markets Board, some of the shareholders holding the management control, members of the board of directors, managers with administrative responsibility, and some of their spouses and relatives by blood and affinity up to the second degree, some other Koç Group companies, including those with similar activities to the Company. In 2021, there were no significant transactions leading to conflicts of interest between said individuals and publicly traded companies or affiliates in accordance with principle number 1.3.6 of the Corporate Governance Communiqué.

2.4. Voting Rights

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

2.5 Minority Rights

Although our Articles of Association contain no provision regarding minority rights, we comply with the Turkish Commercial Code and the Capital Market Boards regulations on this subject. In 2022, we did not receive any criticism or complaint regarding this issue.

2.6. Dividend Rights

Our Company has no provision for the distribution of profit. Our Company's profit distribution policy is disclosed to the public and announced to partners at the General Shareholders' Meeting. It is applied in accordance with Article 19 of the Articles of Association titled "Determination and Distribution of Profits", which states that the Board of Directors can distribute advance dividends provided that they are authorized by the

General Shareholders' Meeting, and that they abide by CMB Law and its relevant regulations. This authority granted to the Board of Directors by the General Shareholders' Meeting is limited to the year in which it is given. On 17.03.2022, we announced our Profit Distribution Policy for 2022 to our partners at our General Assembly Meeting. A minimum of 20% of the distributable profit (calculated according to the Capital Markets Board's communiques) in cash and/or bonus would be shared as long as the relevant regulations and financial possibilities allow and our sources suffice, in accordance with our Company's long-term strategies, investment and financing policies, profitability and cash status. According to the decision taken at the Ordinary General Assembly meeting held on 17 March 2022, the Company allocated legal reserves in the amount of TRY 4,966,121, special reserves in the amount of TRY 41,080,179 and extraordinary reserves in the amount of TRY 120,682,822 from the net profit for the year 2021, amounting to TRY 223,190,334. The remaining net profit amounting to TRY 56,461,212 was distributed as TRY 45,560,000 profit share and TRY 10,901,212 as usufruct.

2.7. Transfer of Shares

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

CHAPTER III

Public Disclosure and Transparency

3.1. The Corporate Website and its Content

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

3.2. Annual Report

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

CHAPTER IV

Stakeholders

4.1. Informing Stakeholders

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

4.2. Stakeholder Participation in Management

The participation of the stakeholders in the management, the opinions, and suggestions they convey to the relevant units are taken into consideration by the management of our company to the extent that they coincide with our long-term strategies. We seek the opinions of and come to a consensus with the labor union regarding work conditions, the work environment, and employee rights, making decisions together.

Tat aims to ensure the continuity of work peace and tranquility by complying with the laws and collective agreement requirements within the framework of the trust-based relationship established with the union and employees. Although our Articles of Association and regulations have no provisions for employee participation in management, both union members and non-members are active in our company's management through various methods. For this purpose, regular weekly meetings were held with union representatives and business leaders in order to increase internal communication, share information about the projects to be carried out in production plants, receive support and act jointly. In addition, union representatives and union members are actively involved in many projects carried out within the company, especially the OHS Cultural Transformation and Effective Leadership Project.

Employee engagement surveys measure employee engagement every year. The most important goal in this process is to carry out focused studies by continually getting feedback from our employees. Therefore, transformation teams were established in 2022 whose focus was to improve employee engagement. Teams consisting of volunteer employees gathered insights, suggestions, and took

improvement actions. Other actions were taken on priority areas at the suggestions of these teams.

In addition, we both share information about our company with our employees and seek to understand their opinions and comments using various methods of communication. In order to support Tat's new purpose, all company worked together on renewing its employer brand, determining its own new motto: "We added taste to life," emphasizing 55-years of history and prominent characteristics.Our Company also holds annual meetings with clients and suppliers to exchange opinions, which we benefit from and use to improve client and supplier satisfaction.

4.3. The Company's Human Resources Policy

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

- By providing equal opportunities in appointments, promotions, rotations, and rewards, we seek to increase our employees' loyalty to the company.
- All our employees are offered equal opportunities for training, orientation, and development.
- We create a transparent work environment that encourages mutual respect, where cooperation and solidarity are the most important factors.
- We provide our employees with clean, healthy, and safe work conditions.
- We respect our employees' rights to unionize and collectively bargain.
- We do not allow any form of violence or harassment.
- We do not tolerate child labor, slavery, human trafficking, or forced labor.

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

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

Tat Gıda respects our employees' right to unionize. The 26th Collective Agreement signed by our Company and the Tekgıda

Labor Union on 11.02.2021, was applicable from 01.01.2021 to 31.12.2022. Negotiations for the new term continue.

Regarding the issues raised by the employees through the Koç Group Ethics hotline are regularly evaluated and actions are taken.

4.4. Ethical Rules and Social Responsibility

Ethical Principles and Compliance Policies are followed in our company with a written standard. "Ethical Principles" and "Human Rights Policy" are signed by all our employees and their commitments are taken.

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

CHAPTER V

Board of Directors

5.1. Structure and Organization of the Board of Directors

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

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

paragraph 4 of article 390 of the Turkish Commercial Code. A total of 25 board decisions were taken in 2022. The Corporate Governance Committee fulfils the duties of the Nomination Committee in our Company.

Three independent member candidates were submitted to the Corporate Governance Committee for 2022. The Corporate Governance Committee's meeting on 16.02.2022 and the Board of Directors' meeting on 16.02.2022 evaluated their nomination statements and resumes and made the decision to appoint them as independent member candidates. All Independent Members of the Board of Directors submitted independence statements to the Corporate Governance Committee.

5.2. Principles of Board of Directors' Activities

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

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

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

Our Company's Board of Directors decided on April 26, 2022 that the Audit Committee be constituted by independent Members of the Board of Directors in entirety and that Fatma

Name & Surname of Board Member	Independence Status	Date of Appointment	Tenure	Duties on the Board of Directors and Committees	Duties outside the Company
Semahat S. Arsel	Non-Independent Member	17.03.2022	Until the Ordinary General Assembly	Chairman of the Board of Directors	In-group - Chairman/ Member of the Board of Directors
Rahmi M. Koç	Non-Independent Member	17.03.2022	Until the Ordinary General Assembly	Deputy Chairman of the Board of Directors	In-group - Chairman/ Member of the Board of Directors
Ömer M. Koç	Non-Independent Member	17.03.2022	Until the Ordinary General Assembly	Board Member	In-group - Chairman/ Member of the Board of Directors
Ali Y. Koç	Non-Independent Member	17.03.2022	Until the Ordinary General Assembly	Board Member	In-group - Chairman/ Member of the Board of Directors
Caroline N. Koç	Non-Independent Member	17.03.2022	Until the Ordinary General Assembly	Board Member, Member of the Risk Management Committee	In-group - Chairman/ Member of the Board of Directors
Takashi Hashimoto	Non-Independent Member	17.03.2022	Until the Ordinary General Assembly	Board Member	Outside the group - Kagome Co. Ltd Board Member and Senior Managing Executive Officer
F. Füsun Akkal Bozok	Independent Member	17.03.2022	Until the Ordinary General Assembly	Independent Board Member, Member of the Audit and Corporate Governance Committees	In-group – Ford Otomotiv Sanayi A.Ş.. Independent Board Member
M. Sait Tosyalı	Independent Member	17.03.2022	Until the Ordinary General Assembly	Independent Board Member, Member of the Audit and Risk Management Committees	Outside the group – General Director of the Turkish Education Volunteers Foundation
Neslihan Tonbul	Independent Member	17.03.2022	Until the Ordinary General Assembly	Independent Board Member	Outside the group - Petkim Inc., Alarko Holding Inc., Vakıfbank International Board Member In-group –Tofaş Turkish Automobile Factory Inc. Independent Board Member

Füsun Akkal Bozok be elected as the chairperson and M. Sait Tosyalı be elected as the member; Fatma Füsun Akkal Bozok, an Independent Member of the Board of Directors, be elected as the chairperson for the Corporate Governance Committee, and Neslihan Tonbul and Başak Tekin Özden be elected as the members; M. Sait Tosyalı, an Independent Member of the Board of Directors, be elected as the chairman of the Risk Management Committee, and Caroline Nicole Koç be elected as the member.

In 2022, the Audit Committee conducted the activities of examining the quarterly and annual financial reports for 2022, selecting the independent audit company, and held 6 meetings in total. The Corporate Governance Committee held 5 meetings in 2022; carried out activities on the determination of independent member candidates for 2022, the discussion of the Board of Directors' Diversity Policy, the evaluation of the

Corporate Governance Compliance Report and the Investor Relations Department report, the remuneration of the members of the Board of Directors and senior executives for 2022, and the evaluation of the structure and efficiency of the Board of Directors. The Risk Management Committee held 7 meetings in 2022 and carried out its activities related to the Risk Report that is included in the Annual Report and the evaluation of the Company's risk management systems, and the studies on corporate risk management carried out throughout the year.

The revised working principles of the committees disclosed to public and published on our Company's website.

5.4. Risk Management and the Internal Control Mechanism

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

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

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

5.5. Strategic Objectives of the Company

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

5.6. Financial Rights

Our Company's "Remuneration Policy for Board Members and Senior Executives" regulating the principles of remuneration and the criteria used to determine all kinds of rights, benefits, and fees granted to board members and senior managers,

was first presented to our partners on our corporate website in the "Information Document" published three weeks before the general assembly meeting on 25.03.2014. This policy was enacted after the said general assembly meeting. The policy is open to public disclosure on the Company's website and the annual report. It will also be included on the agenda of the ordinary general assembly meeting for the opinion and approval of the shareholders. The Corporate Governance Committee and the Board of Directors annually evaluate the total amount of payments made within the framework of the Remuneration Policy to Members of the Board of Directors and Senior Executives. In our financial statement footnotes, payments made to Board Members and senior managers are disclosed to the public collectively in parallel with general practices.

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

Risk Management and Internal Audit

a. Capital Risk Management

The company aims to maximize its profits by maintaining an optimal debt to equity balance in an effort to sustain operational continuity.

The capital structure of the company comprises of its debts including loans and its equity items including, in order of importance, cash and cash equivalents, issued capital and reserves as well as prior period retained earnings.

The company's objective in managing its capital centers around sustaining the optimum capital structure that provides returns to shareholders and reduces its cost of capital simultaneously, ensuring the continuity of company's operations.

b. Financial Risk Management

The company is exposed to market risks, credit risks and liquidity risks given its operational activities. The Risk Management Program of the company focuses on the minimization of potential adverse effects of the uncertainties in the market in general and on the company's performance.

Risk management is overseen by the Risk Management Committee in line with the policies approved by the Board of Directors.

Information on the Early Detection of Risk as well as the Work and Reports of the Risk Management Committee

Taking into account the provisions stipulated by Turkish Commercial Code No. 6102 and the Capital Markets Board's Corporate Governance Principles, the Board of Directors of our company resolved to form a Risk Management Committee in its meeting held on July 25, 2012, to help provide the Board of Directors with the recommendations and suggestions it needed to ensure early detection of risk and to establish an effective risk management system.

In its meeting held on April 26, 2022, the Board of Directors appointed M. Sait Tosyalı, an Independent Member of the Board of Directors, to chair the committee, and Caroline Nicole Koç, member of the Board of Directors, as a member.

The objective of the Risk Management Committee is to ensure the early detection, assessment and calculation of the effects and possibilities of risks of any kind, be it strategic, operational, financial, legal or otherwise that could threaten the company's existence, development or continuity; managing and reporting these risks in accordance with the institutional risk-taking profile of the company; implementing the necessary measures to counter the risks detected; taking such risks into consideration in the decision making processes, and forming and integrating effective internal control systems to address such issues and providing recommendations and suggestions to the Board of Directors in that regard. The Committee convened seven times throughout the operating year, and the meeting results are submitted to the Board of Directors in the form of the minutes of the meeting.

Forward-looking Risks Involving Sales, Productivity, Revenue Generation Capacity, Profitability, and Similar Topics

The Company takes necessary actions to minimize the credit, market and liquidity risks that it is exposed to as part of its risk management policy. The Company signs seasonal contracts for the supply of tomatoes in order to eliminate the risk of supplying agricultural raw materials for the sector.

The Company's 2022 sales were up 155 percent in the continuing operations compared to 2021. Net profit in continuing operations were up 87 percent and reached to TL 295 million. There are no significant forward-looking risks referred to the Board of Directors level.

Internal Control System and the Internal Audit Activities

The Internal Control System established within the Company aims to ensure efficiency and effectiveness of the activities, the

reliability of the financial reporting system and its compliance with legal regulations. The Internal Control System consists of the standard definitions, job descriptions, authorization system, policies and written procedures that are included in the workflows.

Evaluation on the Internal Control System and the Internal Audit Activities

The Internal Audit unit regularly monitors the Internal Control System and evaluates its effectiveness. The activities and reports carried out during the year are presented to the Audit Committee collectively.

Audit Committee Principles and Activities

At our company, the operating principles of the Audit Committee was revised on April 26, 2012 after a comprehensive review of the changes in Capital Markets Board regulations, ensuring the administration of accounting and reporting systems in accordance with the related laws and regulations, disclosure of financial information to the public, and supervision of administration and effectiveness of the independent audit and internal control system.

The Audit Committee convenes at least four times a year on a quarterly basis, and the outcome of these meetings is presented to the Board of Directors in the form of the minutes of the meeting. The Audit Committee convened 6 times during the activity period, and the meeting results were recorded in the minutes and presented to the Board of Directors. The committee immediately reports to the Board of Directors, in writing, any observations or suggestions related to its sphere of activity and responsibility.

The Committee in Charge of the Audit function reviews and evaluates the observations communicated to the committee by the independent audit company within the scope of independent audit activity, key issues involving the accounting policy and practices of the company, available alternative practices and public disclosure options communicated by the independent auditor to the company's management earlier in accordance with the CMB's accounting standards and accounting principles, along with their outcome and

consequences as well as any implementation suggestions and other significant correspondence with the company's management. After consulting with the company's executives and independent auditors on whether annual and interim financial statements to be disclosed to the public true, accurate and fair, complying with the accounting principles followed by the company, the Audit Committee reports to the Board of Directors its findings in writing, incorporating its own assessment.

Legal Disclosures

General Information

Period of the Report: 01.01.2022 – 31.12.2022
Trade Name: Tat Gıda Sanayi A.Ş.
Trade Registry and Number: Istanbul / 96638
Mersis No: 0830003899000011
Tax Office: İSTANBUL - Büyük Mükellefler Vergi Dairesi Başkanlığı
Tax Number: 8300038990
Address: Tasdelen Mah. Sirri Celik Bulvari No: 7 Cekmekoy/ Istanbul
Website Address: www.tatgida.com

Report on Affiliated Companies, Prepared in Accordance with Article 199 of the Turkish Commercial Code

The Board of Directors of Tat Gıda Sanayi A.Ş. is required by law (Article 199 of Turkish Commercial Code No. 6102 put into effect on July 1, 2012) to prepare a report in the first quarter of its operating year regarding its relations in the prior operating period with its controlling shareholder (parent company) and any of that party's affiliated entities, and to incorporate this report's conclusion into this annual report. The required disclosures regarding the transactions conducted by Tat Gıda Sanayi A.Ş. with its affiliated entities are included in Footnote 28 of the financial report.

In its meeting held on February 21, 2023, our company's Board of Directors approved the report disclosing our relationship with our controlling shareholders within the scope of Article 199 of the TCC (Turkish Commercial Code), where the concluding section reads as follows:

"In all the transactions Tat Gıda Sanayi A.Ş. conducted in 2022 with its controlling shareholder and any of that party's affiliated entities, it has been concluded that, based on the circumstances and conditions known to us at the time of carrying out the transaction or taking or otherwise avoiding the precautions, a proper counter deed/compensation was secured in each of the transactions and there was no need for taking or otherwise avoiding any measures to prevent the company from incurring a loss in such transactions, and there was no need for any compensating counter transaction or measure to be effected."

Management's Evaluation and Assessment and Factual Observations as to Whether the Company's Capital Has Been Eroded or the Company Has Been Heavily

Leveraged

The Risk Management Committee has evaluated whether the company's capital has been eroded within the context of Article 376 of the TCC and it has been concluded that the current financial structure of Tat Gıda Sanayi A.Ş., whose issued capital is TRY 136,000,000, total shareholders' equity is TRY 1,104,156,149 and Net Financial Debt/Equity Ratio is 201% as of 31.12.2022, is suitable for the continuation of the Company's activities.

Amendment to the Articles of Association

No amendments were made to the Articles of Association in 2022.

Changes in Staff and Labor Force

The number of staff as of December 31, 2022 is 773.
The number of staff as of December 31, 2021 is 653.

Collective Labor Agreement Practices

The 26th Collective Labor Agreement signed on February 11, 2021, between our company and Tekgıda-İş Sendikası (alabor union) and entered into force on January 1, 2021, was effective until December 31, 2022. Collective Bargaining Agreement negotiations continue for the new period.

Severance Pay Liability

As of December 31, 2022, our severance pay liability is 47,027,824Turkish lira. As of December 31, 2021, our severance pay liability is 17,295,879 Turkish lira.

Compensation and Financial Benefits Provided to the Members of Board of Directors and Senior Executives

Chairman and Members of the Board of Directors are compensated through monthly attendance fees and the company's executive management through monthly remuneration plus a performance-based annual bonus as set forth by the General Meeting of Shareholders. Furthermore, any payments made are disclosed to the public in our footnotes to financial statements.

There are no transactions that would create a conflict of interest due to any company loans or advances given to the Members of our Board of Directors or executives.

The Chairman and Members of the Board of Directors, the General Manager, Assistant General Managers and the Directors who directly report to the General Manager are designated as the senior executives of Tat Gıda. In 2022, the total of benefits provided to Tat Gıda's senior executives is TRY34,202,089. (31 December 2021: TRY16,587,803). All of this amount consists of short-term benefits. (December 31, 2021: TL 2,791,928 consists of payments made due to leaving).

Donations and Charitable Contributions and Expenditures on Social Responsibility Projects

A total of 2,523,571 Turkish lira was donated or otherwise paid as a charitable contribution to various social organizations and societies in 2022.

Information about Social Rights of Employees

Tat Gıda offers various side benefits to increase employee experience and satisfaction, and to increase the living standards of employees as well as their families. Tat Gıda provides many opportunities beyond legal rights to increase the living standards of its employees who are also a part of Koç Group.

Side Benefit Management

While Tat Gıda employees, along with their families, are provided with Koç Ailem advantages offered to Koç Group companies, private health insurance for the Koç Group, and all support for marriage, maternity benefits, military service benefits, death support, financing, home purchases, etc., all employees through the Koç Holding Retirement Pension and Support Fund Foundation can provide a more comprehensive financial security during retirement. In the Koç Foundation application, employees pay 6% of their income, while the same amount is transferred by Tat Gıda as employer contribution. Employees at the management level are offered additional benefits such as comprehensive health insurance, life insurance, company vehicle, and fuel.

Flexible Side Benefits

Flexible Side Benefits Program is a system in which each employee can adjust the side benefits like annual leave, holiday and fuel support and change them according to their personal and family needs (individual pension system, discount shopping checks, mobile phone, holiday checks, etc.). Employees can reach this system over the portal at www.kocflextra.com and manage their side benefit budgets by arranging their choices within the framework of determined rules.

Remote and Flexible Working

At Tat Gıda, office workers can work in a flexible working model during designated hours to support work-life balance. In addition, they can work from home or remotely on the days specified in

the remote working model. In this context, it can make office-free planning to work on Koç Group campuses as well.

Information on the Change in Indirect Shareholding

As a result of the partial demerger transaction of Temel Ticaret ve Yatırım A.Ş., which is a direct or indirect shareholder in our company, at the Extraordinary General Assembly meeting held on September 29, 2022, Temel Ticaret ve Yatırım A.Ş. has transferred all of its shares of Koç Holding A.Ş., to Family Danışmanlık Gayrimenkul ve Ticaret A.Ş., of which it owns 100%.

Due to the aforementioned partial demerger transaction, there has been no change in the shares directly or indirectly owned by Temel Ticaret ve Yatırım A.Ş. but Family Danışmanlık Gayrimenkul ve Ticaret A.Ş.' indirect share increased from 0% to 19.14%.

Other Legal Disclosures

The company has no re-acquired treasury stock

Our company received no fines of a material nature in 2022 under any special and public audits conducted.

Currently, no actions brought against our company is potentially capable of impeding the company's financial standing.

There are no administrative or judicial sanctions imposed on the company or the members of the board of directors on account of practices violating regulatory provisions.

There was no Extraordinary General Meeting of Shareholders convened in 2022. The resolutions adopted the Ordinary General Meeting of Shareholders held on March 17, 2022, have been implemented.

Pursuant to Articles 395 and 396 of the Turkish Commercial Code, an approval must be sought from the Ordinary General Meeting of Shareholders to authorize any shareholder with a controlling interest, Member of the Board of Directors, Senior Executive as well as their spouses and relatives by blood or marriage (up to the second degree) to engage in any competitive business or to otherwise create a potential conflict of interest with the company and its affiliates.

There are no legislative changes that could significantly affect the company's operations. There are no conflict of interests with institutions that provide services such as ratings.

There is no mutual participation in which the direct participation rate in the capital exceeds 5 percent.

There are no branch organizations.

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	Held 146 investor & analyst meetings and 6 investor webcasts
1.2. Right to Obtain and Examine Information	
The number of special audit request(s)	-
The number of special audit requests that were accepted at the General Shareholders' Meeting	-
1.3. General Assembly	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	https://www.kap.org.tr/tr/Bildirim/1003300
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	KAP announcements are made in Turkish. English translations of annual reports are made available at the general assembly meetings.
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	There is no such transaction in 2022
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)	There is no such transaction in 2022
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)	The PDP link regarding common and continuous related party transactions can be found at: https://www.kap.org.tr/tr/Bildirim/1003572
The name of the section on the corporate website that demonstrates the donation policy of the company	Investor Relations / Corporate Identity and Management / Corporate Governance and Policies / Donation Policy
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	https://www.kap.org.tr/tr/Bildirim/919441
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	Provided in Article 15 of our Articles of Association.
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	Although the general assembly meetings are open to the public under ordinary conditions, our shareholders were primarily accepted to the meeting hall in the general assembly held in 2022, in order to protect public health under the current pandemic conditions.
1.4. Voting Rights	
Whether the shares of the company have differential voting rights	No
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	No
The percentage of ownership of the largest shareholder	43,70%
1.5. Minority Rights	
Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	Hayır (No)
If yes, specify the relevant provision of the articles of association.	-

1.6. Dividend Right	
The name of the section on the corporate website that describes the dividend distribution policy	Investor Relations / Corporate Identity and Management / Corporate Governance and Policies / Dividend Distribution Policy
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend.	Dividend has been distributed.
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	-

GENERAL ASSEMBLY MEETINGS	
General Meeting Date	17.03.2022
The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	0
Shareholder participation rate to the General Shareholders' Meeting	63,00%
Percentage of shares directly present at the GSM	1,51%
Percentage of shares represented by proxy	61,49%
Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Investor Relations / Corporate Identity and Management / General Assembly Meeting / Meeting Minutes
Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	Investor Relations / Corporate Identity and Management / General Assembly Meeting / Meeting Minutes
The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	13. madde
The number of declarations by insiders received by the board of directors	0
The link to the related PDP general shareholder meeting notification	https://www.kap.org.tr/tr/Bildirim/1003300

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.	Investor Relations
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	No real person shareholders' shares exceed 5%. This is presented on our company website in the Investor Relations / Corporate Identity and Management / Partnership Structure section.
List of languages for which the website is available	Turkish & English
2.2. Annual Report	
The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.	
a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	Management & Corporate Governance
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	Corporate Governance / Section V / Board of Directors
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	Corporate Governance / Section V / Board of Directors
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	There are no legislative amendments that may significantly affect company operations.
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	Corporate Governance / Legal Disclosures
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	Corporate Governance / Legal Disclosures
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	There is no reciprocal shareholding with direct participation in the capital exceeding 5%.
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	Corporate Governance / Section IV / Beneficiaries
3. STAKEHOLDERS	
3.1. Corporation's Policy on Stakeholders	
The name of the section on the corporate website that demonstrates the employee remedy or severance policy	Investor Relations / Corporate Identity and Management / Corporate Governance and Policies / Employee Compensation Policy
The number of definitive convictions the company was subject to in relation to breach of employee rights	12 cases of employee claims for rights violations, such as annual leave/ seniority were concluded.
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Internal Audit Manager
The contact detail of the company alert mechanism	Company employees can access the reporting mechanism via the intranet system. Our employees and stakeholders may also report through the Koç Holding reporting line: https://secure.ethicspoint.eu/domain/media/tr/gui/108227/index.html
3.2. Supporting the Participation of the Stakeholders in the Corporation's Management	
Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	Internal regulations have no public link

Corporate bodies where employees are actually represented	In our company, both unionized and non-unionized colleagues participate in the management with different methods and share their views. The annual Employee Loyalty Surveys that are conducted at all our companies collect the opinions of all our coworkers anonymously in open-ended questionnaire format. Through various communication meetings held at our companies, company-related information is shared with the employees, dealers and other stakeholders, and their questions and comments are obtained.
3.3. Human Resources Policy	
The role of the board on developing and ensuring that the company has a succession plan for the key management positions	A succession plan is created for all key management positions. This Succession Plan is finalized by submitting the approval of the Chairman of the Board of Directors following the approval of the CEO.
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.	The Personnel Code which defines the criteria for recruitment is accessible by all employees; job announcements include the required competencies. In addition, the Investor Relations / Sustainability / Our Employees and; About Us/Code of Ethics and Compliance Policies section of our corporate website emphasizes the issue of equal opportunity in recruitment in Tat Gıda
Whether the company provides an employee stock ownership programme	There isn't an employee stock ownership program
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	Investor Relations / Sustainability / Employees; and About Us/Code of Ethics and Compliance Policies section
The number of definitive convictions the company is subject to in relation to health and safety measures	None
3.5. Ethical Rules and Social Responsibility	
The name of the section on the corporate website that demonstrates the code of ethics	Investor Relations / Sustainability / Tat Gıda Code of Ethics & Investor Relations/ Corporate Overview and Governance/Corporate Governance & Policies
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	Investor Relations / Sustainability
Any measures combating any kind of corruption including embezzlement and bribery	Investor Relations / Sustainability / Tat Gıda Code of Ethics & Investor Relations/ Corporate Overview and Governance/Corporate Governance & Policies
4. BOARD OF DIRECTORS-I	
4.2. Activity of the Board of Directors	
Date of the last board evaluation conducted	29.12.2022
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	No delegation was delegated among the board members.
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	12 reports were prepared by the internal audit unit, and Internal audit unit provides combined information to the audit committee each year regarding the operations within the year.
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Corporate Governance/Risk Management and Internal Audit
Name of the Chairman	Semahat Sevim Arsel
Name of the CEO	Evren Albaş
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	The Chairman of the Board of Directors and the General Manager are separate persons.
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	https://www.kap.org.tr/tr/Bildirim/1086179
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	Investor Relations/Corporate Overview and Governance/Corporate Governance & Policies
The number and ratio of female directors within the Board of Directors	There are 4 female members (44%) on the Board of Directors

Name, Surname of Board Member	Whether Executive Director Or Not	Whether Independent Director Or Not	The First Election Date To Board	Link To PDP Notification That Includes The Independency Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether She/ He is the Director Who Ceased to Satisfy The Independence or Not	Whether The Director Has At Least 5 Years' Experience On Audit, Accounting And/Or Finance Or Not
Semahat Sevim Arsel	Non-executive	Not independent director	20.03.2009		Not considered	No	-
Rahmi M. Koç	Non-executive	Not independent director	20.03.2009		Not considered	No	-
Ömer M. Koç	Non-executive	Not independent director	20.03.2009		Not considered	No	-
Ali Y. Koç	Non-executive	Not independent director	20.03.2009		Not considered	No	-
Caroline N. Koç	Non-executive	Not independent director	30.03.2016		Not considered	No	-
Takashi Hashimoto	Non-executive	Not independent director	13.03.2018		Not considered	No	-
Neslihan Tonbul	Non-executive	Independent director	19.03.2021	https://www.kap.org.tr/tr/Bildirim/1003300	Considered	No	Yes
F. Füsun Akkal Bozok	Non-executive	Independent director	13.03.2018	https://www.kap.org.tr/tr/Bildirim/1003300	Considered	No	Yes
M. Sait Tosyalı	Non-executive	Independent director	13.03.2018	https://www.kap.org.tr/tr/Bildirim/1003300	Considered	No	Yes

4. BOARD OF DIRECTORS-II**4.4. Meeting Procedures of the Board of Directors**

Number of physical or electronic board meetings in the reporting period	In 2022, due to Covid-19 pandemic, the Board of Directors held 5 physical meetings and majority of the Board members attended that meeting. All of the other decisions, except those taken at the mentioned physical meetings, were taken by hand-by-hand method with the members informed in a reasonable time.
Director average attendance rate at board meetings	89%
Whether the board uses an electronic portal to support its work or not	No
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	There is no such procedure
The name of the section on the corporate website that demonstrates information about the board charter	There is no such procedure
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	There is no such procedure

4.5. Board Committees

Page numbers or section names of the annual report where information about the board committees are presented	Corporate Governance / Section V/Board of Directors
Link(s) to the PDP announcement(s) with the board committee charters	https://www.kap.org.tr/tr/Bildirim/1024047

Names Of The Board Committees	Name Of Committees Defined As "Other" In The First Column	Name-Surname of Committee Members	Whether Committee Chair Or Not	Whether Board Member Or Not
Audit Committee	-	F. Füsün Akkal Bozok	Yes	Board member
Audit Committee	-	M. Sait Tosyalı	No	Board member
Corporate Governance Committee	-	F. Füsün Akkal Bozok	Yes	Board member
Corporate Governance Committee	-	Neslihan Tonbul	No	Board member
Corporate Governance Committee	-	Başak Tekin Özden	No	Not board member
Committee of Early Detection of Risk	-	M. Sait Tosyalı	Yes	Board member
Committee of Early Detection of Risk	-	Caroline Nicole Koç	No	Board member

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

COMPOSITION OF BOARD COMMITTEES-II					
Names Of The Board Committees	Name of committees defined as "Other" in the first column	The Percentage Of Non-executive Directors	The Percentage Of Independent Directors In The Committee	The Number Of Meetings Held In Person	The Number Of Reports On Its Activities Submitted To The Board
Denetim Komitesi (Audit Committee)	-	100%	100%	6	6
Kurumsal Yönetim Komitesi (Corporate Governance Committee)	-	67%	67%	5	5
Riskin Erken Saptanması Komitesi (Committee of Early Detection of Risk)	-	100%	50%	7	7

Corporate Governance Compliance Report

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2- Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					
1.3. GENERAL ASSEMBLY						
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7- Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X	There was no transaction notice in this way.
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.		X				The agenda of the General Shareholders' Meeting included a separate item for the total amount of the donations and contributions made and major donations were explained in the general assembly information document. The remaining amount for which the details were not provided, includes donations to various parties each below 50.000 TL, which were not deemed as material information to our shareholders. As the donations below this threshold are not interrogated by our investors, we foresee to continue with the current practice of disclosing only the material amounts.
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.		X				Under normal circumstances, general meetings are held open to the public. However, due to the pandemic concerns and the restrictions of authorities on collective gatherings, in the general assembly meetings held in 2022, our shareholders were prioritized in terms of acceptance to meeting venue.

	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	Within Tat Gida, no cross ownerships exist that are associated with a controlling relationship.
1.5. MINORITY RIGHTS						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.	X					
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X			Even though minority rights are not determined less than one in twenty by the Articles of Association, in parallel with general practice, the minority was granted rights under the general provisions of the regulations. There was no demand from investor regarding this issue, and is not foreseen to make a change in this regard in the near future.
1.6. DIVIDEND RIGHT						
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.					X	Dividend distribution has been made.
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					

	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					There are no legislative changes that may significantly affect the company's activities. There has been no conflict of interest with the institutions that provide services on issues such as rating.
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	X					
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X					
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.	X					
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					

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

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

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.	X					
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/ accounting and finance.	X					
4.4. BOARD MEETING PROCEDURES						
4.4.1-Each board member attend the majority of the board meetings in person or via an electronic board meeting system		X				In 2022, due to the Covid-19 pandemic, the opportunity to have physical meetings was limited, so the physical meetings could only be held 5 times. All of the other decisions, except those taken at the said meeting, were taken by hand-by-hand method with the members informed in a reasonable time beforehand. Considering the meetings held, 89% of the members of the Board of Directors attended the meeting.
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.			X			There is no procedure regarding this issue. The timing for the submission of information to members of the Board of Directors is determined on the basis and procedures of the Board agenda, and notified to members within a reasonable period. A regulation on the working principles of the Board of Directors is currently not planned.
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.					X	Although there is a possibility to provide feedback, there has been no notification made by the board members who could not attend the meeting.
4.4.4 - Each member of the board has one vote.	X					
4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.			X			Regarding the manner in which Board of Directors meetings will be held, our Company procedures have been maintained consistently for many years, and there is no specific written internal regulation in this regard.
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7-There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.		X				Due to the significant contribution of Directors to the Board, the experience of the members of the Board of Directors is not limited to taking on other duties outside the company. Curriculum vitae of our board members are included in our annual report. Considering the effective work of the board of directors, there is no change in the current practice, which is considered not to create any negative situation in terms of corporate governance, in the short term.

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.5. BOARD COMMITTEES						
4.5.5 - Board members serve in only one of the Board's committees.			X			The assignment of the committees is made in accordance with the relevant regulations, taking into account the knowledge and experience of our board members and some of our board members are assigned to more than one committee. Members in more than one committee provide communication between the committees involved in related matters and increase the opportunities for cooperation. Considering that the number of board members is 9 and the number of committees required to be formed in accordance with the CMB regulations, compliance with the principle does not seem feasible in practice. Given the performance and the efficiency of the committees and the valuable contributions of Board members, any changes to the current structure is not deemed necessary.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.					X	Such a need was not discussed in 2022.
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	Committees did not receive any consultancy services in 2022
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
4.6. FINANCIAL RIGHTS						
4.6.1-The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.	X					
4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X					
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.			X			Payments made to the members of the Board of Directors and senior executives are disclosed to the public collectively in line with the general practices in the General Assembly and in our financial statements footnotes. Market practices are closely monitored on an issue that is considered important in terms of confidentiality of personal information, and it is envisaged to act in parallel with common practice.

Declaration of Compliance with Sustainability Principles

Tat Gıda closely follows the best sustainability practices, including those specified in the Capital Markets Board (CMB) Sustainability Principles Compliance Framework, and carries out its operations with the aim of adapting to the generally accepted best practices in this field. The majority of the issues Tat Gıda manages under its sustainability strategy and in its operations overlap with the principles stated in the "Sustainability Principles Compliance Framework", put into force by the CMB in 2020. Within this framework, Tat Gıda Sanayi A.Ş. complies with the majority of the principles stated in the non-mandatory "Sustainability Principles Compliance Framework" prepared by the CMB based on the "comply or explain" approach. Full compliance with some of the principles has not yet been achieved for reasons such as practical difficulties, general national and international uncertainties, and the fact that some principles do not fully match the current structure of the Company. In addition, some studies are ongoing and time is needed for results to be processed before compliance can be confirmed or not. The goal is to ensure full compliance with these principles after finalizing these ongoing studies, including analyses of global practices aimed at meeting our Company's target of creating sustainable value, and fully developing the technical infrastructure necessary for data provision throughout the Company.

Tat Gıda's sustainability practices, which overlap with the principles contained in the CMB's Sustainability Principles Compliance Framework, are explained in detail in the Sustainability section of the annual report, and explanations about the main principles that have not yet been fully complied with are stated below. The Company follows up on possible effects on the environment and social risk management due to the lack of full compliance with the non-mandatory principles, and these effects are evaluated within the scope of sustainability studies.

- Regarding principle A1.2, Tat Gıda has started the work necessary to set short and long-term targets in line with its sustainability strategy and aims to share the final status of these targets with the public in the coming periods.
- Regarding principle A2.2, Tat Gıda is working on a roadmap and action plans for its sustainability strategy to be disclosed to the public following the final evaluation and approval process. In parallel with Koç Holding's targets, Tat Gıda aims to keep the ratio of female members on the Board of Directors at a minimum of 25% at all times in accordance with the Diversity Policy of the Board of Directors adopted in February 2022. In addition, Tat Gıda is a part of the Carbon Transformation Program initiated by Koç Holding throughout the Koç Community to achieve the goal of becoming carbon neutral by 2050.
- Regarding principle A4.1, an independent third-party organization conducts verification studies to increase the reliability of publicly disclosed data, and the scope of the indicators for these verification studies is expanded every year. A verification study is being conducted for Tat Gıda's scope 1 and 2 emissions for 2021 and 2022 in terms of environmental indicators, and the results will be shared with the public when they are ready. Verification results of other environmental and social indicators will be shared with the public in the coming years.
- Regarding principle B.9, Scope 1 and Scope 2 greenhouse gas emissions are regularly calculated and shared with the public in accordance with the Company's sustainability projects. Similarly, environmental indicators such as energy consumption, water usage, and waste are regularly monitored and reported. Tat Gıda's Scope 3 emissions are being calculated, and plans for the future include reporting them to the public and developing strategies to reduce them.

- Regarding principle B.13, the effect of both the European Green Deal and the fact that combating the climate crisis has gained more importance for stakeholders, Koç Community has set itself the goal of becoming carbon neutral by 2050. The roadmap and action plans will be created for the transition to a low carbon economy to achieve this goal as part of the Carbon Transformation Program in which Tat Gıda is involved.
 - Regarding principle B.14, while it has adopted the principle of protecting the health of the soil, water, and air in all its processes from field to fork, Tat Gıda also supports the protection of the planet through good agricultural practices. The company is currently implementing projects, but there is currently no action involving third parties. In the coming period, we will be able to carry out work in this regard after observing the other Group Companies' projects and good sectoral practices.
 - Regarding principle B.19, as part of its sustainability work, Tat Gıda is implementing projects for the use of renewable energy. When the projects are brought online, their renewable energy data will be shared with the public.
 - Regarding principle B.23, evaluation continues on different tools to be spread throughout the Koç Community to help with the transition to a low carbon economy, and those deemed suitable will be implemented according to the strategy.
 - Regarding principle B.24, evaluation continues on different tools to be spread throughout the Koç Community to help with the transition to a low carbon economy, and those deemed suitable will be implemented according to the strategy.
- The Report on Compliance with the Sustainability Principles, prepared according to the format determined by CMB Decision No. 34/977 on 23.06.2022 and approved by the Board of Directors of our Company, is included in the annex of the annual report (pages 106-115). Relevant documents can also be accessed at our Company's webpage on the Public Disclosure Platform.

		Compliance					
PRINCIPLE		Yes	No	Partial	N/A	Explanation	Related Report/Link
A. General Principles							
A1. Strategy, Policy and Targets							
A1.1	The Board of Directors determines material environmental, social and governance (ESG) issues, risks and opportunities.	X				To achieve a more livable world today and in the future with a more positive social and economic structure, Tat Gıda works meticulously at its sustainability activities every year in a way that contributes to meeting the global goals.	Tat Gıda Annual Report, Sustainability Section, pages 46-47
	The Board of Directors establishes relevant ESG policies (e.g.Environmental Policy, Energy Policy,Human Rights and Employee Policy,etc.) and they are publicly disclosed.	X				Please visit the Company's website to see Tat Gıda Sanayi A.Ş.'s sustainability policies.	https://tatgida.com/en/about-us/code-of-ethics-and-compliance-policies/ https://tatgida.com/en/investor-relations/sustainability/our-environmental-responsibility/
A1.2	Publicly discloses short- and long-term goals set according to ESG policies.			X		<p>Tat Gıda has started the work necessary to set short and long-term targets in line with its sustainability strategy and aims to share the final status of these targets with the public in the coming periods.</p> <p>In parallel with Koç Holding's targets, Tat Gıda aims to keep the ratio of female members on the Board of Directors at a minimum of 25% at all times in accordance with the Diversity Policy of the Board of Directors adopted in February 2022.</p> <p>At the same time, Tat Gıda is part of Koç Holding's Carbon Transformation Program covering the following goals: "In line with the goal of becoming carbon neutral by 2050, Koç Holding aims to reduce Scope 1 and Scope 2 greenhouse gas emissions by 27% in 2030 and 49% in 2040 compared to the reference year of 2017."</p>	Tat Gıda Annual Report, Sustainability Section, pages 46-78 https://tatgida.com/en/investor-relations/corporate-overview-and-governance/corporate-governance/Declaration of Compliance with Sustainability Principles, pages 106-107

		Compliance					
PRINCIPLE		Yes	No	Partial	N/A	Explanation	Related Report/Link
A2. Implementation/Monitoring							
A2.1	Determines and discloses the committees/units responsible for the execution of ESG policies, and the highest level positions in charge of ESG issues at the Company and their duties.	X				Throughout 2022, sustainability managers focused on involving more internal stakeholders in active participation, and their hard work was effective, with rates of participation increasing every day. The Corporate Communications and Sustainability Directorate reporting to Tat Gıda's CEO implements the strategy and ensures coordination between different units within the company.	https://www.tatgida.com/en/investor-relations/sustainability/sustainability-management/
	The responsible committee and/or unit reports the activities carried out as per the policies during the year at least once a year to the Board of Directors.	X				The Corporate Governance Committee and the Risk Committee informs the Board of Directors about Sustainability Principles compliance activities.	Tat Gıda Annual Report, Corporate Governance Section, Sayfa 86-89
A2.2	Creates and discloses implementation and action plans aligned with ESG targets			X		The effect of both the European Green Deal and the fact that combating the climate crisis has gained more importance for stakeholders, Koç Community has set itself the goal of becoming carbon neutral by 2050. The roadmap and action plans will be created for the transition to a low carbon economy to achieve this goal as part of the Carbon Transformation Program in which Tat Gıda is involved.	Declaration of Compliance with Sustainability Principles, pages 106-107
A2.3	Discloses ESG Key Performance Indicators (KPI) and the degree of their achievement by years.	X				The Key Performance Indicators focusing on ESG are published regularly every year in the "Sustainability" section of the Tat Gıda Annual Report.	Tat Gıda Annual Report, Sustainability Section, pages 46-78
A2.4	Discloses efforts for improving sustainability performance with respect to work processes or products and services.	X				Tat Gıda's improvement activities related to its sustainability performance are regularly published every year in the "Sustainability" section of the Tat Gıda Annual Report.	Tat Gıda Annual Report, Sustainability Section, pages 46-78
A3. Reporting							
A3.1	Discloses sustainability performance, targets and actions in an intelligible, accurate and adequate manner in annual reports.	X					Tat Gıda Annual Report, Sustainability Section, pages 46-78
A3.2	Provides information about which of the United Nations (UN) 2030 Sustainable Development Goals its activities relate to.	X					Tat Gıda Annual Report, Sustainability Section, pages 46-78
A3.3	Makes disclosures regarding the lawsuits filed and/or concluded against the company on account of ESG issues, which are material with respect to ESG policies and/or have material impact on operations.	X					Tat Gıda Annual Report, Sustainability Section, pages 56-59

		Compliance					
PRINCIPLE		Yes	No	Partial	N/A	Explanation	Related Report/Link
A4. Verification							
A4.1	ESG Key Performance measurements are verified by an independent third party and publicly disclosed.		X			An independent third-party organization conducts verification studies to increase the reliability of publicly disclosed data, and the scope of the indicators for these verification studies is expanded every year.	Declaration of Compliance with Sustainability Principles, pages 106-107
B. Environmental Principles							
B1	Publicly discloses its environmental management policy and practices, action plans, environmental management systems (known by ISO 14001 standard) and programs.	X				Tat Gıda is proactive in its efforts towards achieving a sustainable future, using digitalization to measure its effects on nature with the goal of saving water and reducing its carbon emissions, energy consumption, and waste.	Tat Gıda Annual Report, Sustainability Section, pages 56-59
B2	Publicly discloses the limitations over the reporting scope, reporting period, reporting date, reporting conditions of the environmental reports to be prepared for providing environmental management information.	X					https://www.tatgida.com/en/investor-relations/sustainability/our-environmental-responsibility/
B3	Provided in A2.1.	X					Tat Gıda Annual Report, Corporate Governance Section, pages 86-89 https://www.tatgida.com/en/investor-relations/sustainability/sustainability-management/
B4	Discloses the environmental targets included in rewarding criteria within the scope of performance incentive systems on the basis of stakeholders (board members, executives, employees and so on).	X				Within the Koç Group, the OKR (Objectives and Key Results) method is used in Koç Dialogue, the performance management system also used by Tat Gıda. With this method, employees determine goals and key results according to the company's goals and strategies, and dynamically adapt these goals as priorities change throughout the year. The OKRs of Tat Gıda's CEO, Business Director, Sustainability Managers and related employees all include climate-related goals.	Tat Gıda Annual Report, Sustainability Section, pages 46-78
B5	Explains how environmental issues identified to be material are integrated into business goals and strategies.	X					Tat Gıda Annual Report, Sustainability Section, pages 46-78
B6	Provided in A2.4.	X					Tat Gıda Annual Report, Sustainability Section, pages 46-78

		Compliance					
PRINCIPLE		Yes	No	Partial	N/A	Explanation	Related Report/Link
B7	Explains how it manages environmental issues throughout the Company's value chain including suppliers and customers so as to cover the operation process as well and how they are integrated into its business goals and strategies.	X				Tat Gıda is proactive in its efforts towards achieving a sustainable future, using digitalization to measure its effects on nature with the goal of saving water and reducing its carbon emissions, energy consumption, and waste.	Tat Gıda Annual Report, Sustainability Section, pages 51, 56-59
B8	Discloses whether it is involved in policy-making processes on environmental issues of relevant institutions and non-governmental organizations and its collaborations with these institutions and organizations, if any.	X					Tat Gıda Annual Report, Sustainability Section, pages 51, 56-59
B9	Periodically reports 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, biodiversity implications).			X		Within the scope of sustainability studies, Scope 1 and Scope 2 greenhouse gas emissions are regularly calculated and shared with the public in accordance with the Company's sustainability projects. Similarly, environmental indicators such as energy consumption, water usage, and waste are regularly monitored and reported. Tat Gıda's Scope 3 emissions are being calculated, and plans for the future include reporting them to the public and developing strategies to reduce them.	Tat Gıda Annual Report, Sustainability Section, pages 56-59 Declaration of Compliance with Sustainability Principles, pages 106-107
B10	Discloses the standard, protocol, methodology and baseline year details X used to collect and calculate its data.	X					Tat Gıda Annual Report, Sustainability Section, pages 56-59
B11	Publicly discloses the status of environmental indicators for the reporting year (increase or decrease)in comparison with previous years.	X					Tat Gıda Annual Report, Sustainability Section, pages 56-59
B12	Sets short and long-term goals to reduce its environmental impact and discloses these goals and the progress, if any, as compared to the targets set in previous years.	X					Tat Gıda Annual Report, Sustainability Section, pages 56-59
B13	Discloses its strategy and actions to combat the climate crisis.			X		The roadmap and action plans for the transition to a low carbon economy will be created as part of the Carbon Transformation Program developed to achieve the Koç Group's goal of becoming carbon neutral by 2050, to which Tat Gıda is a party.	Tat Gıda Annual Report, Sustainability Section, pages 52-59 Declaration of Compliance with Sustainability Principles, pages 106-107

		Compliance				Explanation	Related Report/Link
PRINCIPLE		Yes	No	Partial	N/A		
B14	Explains its programs or procedures to prevent or minimize the potential negative impacts of the products and/ or services it offers.	X				While it has adopted the principle of protecting the health of the soil, water, and air in all its processes from field to fork, Tat Gıda also supports the protection of the planet through good agricultural practices.	Tat Gıda Annual Report, Sustainability Section, pages 52-59
	Takes and explains its actions for driving reduction of GHG emission quantities of third parties (e.g. suppliers, sub-contractors, dealers, etc.).		X			The company is currently implementing projects, but there is currently no action involving third parties. In the coming period, we will be able to carry out work in this regard after observing the other Group Companies' projects and good sectoral practices.	Declaration of Compliance with Sustainability Principles, pages 106-107
B15	Discloses the total number of actions taken, projects carried out and initiatives undertaken to mitigate its environmental impacts, along with the benefits/revenues and cost savings they provide.	X					Tat Gıda Annual Report, Sustainability Section, pages 52-59
B16	Reports energy consumption data (gas, diesel oil, fuel oil, LPG, coal,electricity, heating, cooling, etc.) and discloses its energy consumption as Scope-1 and Scope-2.	X				Energy consumption data is reported in a way that overlaps with the expectations of international sustainability indices.	Tat Gıda Annual Report, Sustainability Section, pages 56-59 https://www.tatgida.com/en/investor-relations/sustainability/our-environmental-responsibility/
B17	Discloses information about the electricity, heat, steam and cooling generated during the reporting year.	X					https://www.tatgida.com/en/investor-relations/sustainability/our-environmental-responsibility/
B18	Conducts and discloses on increasing the use of renewable energy, transition to zero or low carbon electricity.	X					Tat Gıda Annual Report, Sustainability Section, pages 56-59
B19	Discloses data on its renewable Koç Holding Annual energy generation and consumption.		X			As part of its sustainability work, Tat Gıda is implementing projects for the use of renewable energy. When the projects are brought online, their renewable energy data will be shared with the public.	Declaration of Compliance with Sustainability Principles, pages 106-107
B20	Develops energy efficiency projects and discloses the quantity reduced in energy consumption and emission enabled by these efforts.	X					Tat Gıda Annual Report, Sustainability Section, pages 56-59
B21	Reports the amount of underground or overground water withdrawn, recycled and discharged, the resources and procedures.	X					Tat Gıda Annual Report, Sustainability Section, pages 56-59

		Compliance				Explanation	Related Report/Link
PRINCIPLE		Yes	No	Partial	N/A		
B22	Discloses whether its operations or activities are included in any carbon pricing system (Emission Trading System, Cap & Trade or Carbon Tax).	X				The Company is not involved in any carbon pricing system, since legal regulations regarding such a system have not yet been completed in our country. Evaluation continues on different tools to be spread throughout the Koç Community to help with the transition to a low carbon economy, and those deemed suitable will be implemented according to the strategy.	
B23	Discloses the carbon credits saved or purchased during the reporting period.		X			Evaluation continues on different tools to be spread throughout the Koç Community to help with the transition to a low carbon economy, and those deemed suitable will be implemented according to the strategy.	Declaration of Compliance with Sustainability Principles, pages 106-107
B24	Discloses the details if carbon pricing is applied within the Company.		X			Certain Koç Group companies conduct in-house carbon pricing studies, but these have not yet been adopted throughout the Koç Group. Evaluation continues on different tools to be spread throughout the Koç Community to help with the transition to a low carbon economy, and those deemed suitable will be implemented according to the strategy.	Declaration of Compliance with Sustainability Principles, pages 106-107
B25	Discloses the platforms that it reports its environmental information to.	X					https://www.tatgida.com/en/investor-relations/sustainability/our-environmental-responsibility/
C. Social Principles							
C1. Human Rights and Employee Rights							
C1.1	Develops a Company Human Rights and Employee Rights Policy, which pledges full compliance with the Universal Declaration of Human Rights, ILO Conventions ratified by Türkiye and other applicable legislation. Discloses the policy and the roles and responsibilities associated for its implementation.	X					Tat Gıda Annual Report, Sustainability Section, pages 60-67 https://www.tatgida.com/en/about-us/code-of-ethics-and-compliance-policies/
C1.2	Incorporates equitable workforce,improvement of working standards,women's employment and inclusion (not discriminating on the basis of gender, race, religion, language,marital status, ethnicity, sexual orientation, gender identity, family responsibilities, union activities,political affiliation, disabilities, social and cultural differences, etc.) in its policy concerning employee rights,while looking out for the effects of supply and value chain.	X					Tat Gıda Annual Report, Sustainability Section, pages 60-67 https://www.tatgida.com/en/about-us/code-of-ethics-and-compliance-policies/

		Compliance					
PRINCIPLE		Yes	No	Partial	N/A	Explanation	Related Report/Link
C1.3	Discloses the measures taken Policy Sustainability throughout the value chain for Report pp. 48-54 protecting the rights of groups“Diversity and Inclusion sensitive to certain economic, environmental, social factors (low-income groups, women, etc.) or for securing minority rights/equal opportunity.	X					Tat Gıda Annual Report, Sustainability Section, pages 48-51, 60-67 https://www.tatgida.com/en/human-resources/our-ethical-approach/
C1.4	Reports on progress in relation to actions for preventing and remedying discrimination, inequality, human rights violations, forced labor and child labor.	X					Tat Gıda Annual Report, Sustainability Section, pages 48-51, 60-67 https://www.tatgida.com/en/human-resources/our-ethical-approach/
C1.5	Incorporates investments in employees (training, development policies), employee compensation,fringe benefits granted, the right to unionize, work/life balance solutions and talent management in its policies concerning employee rights.	X					Tat Gıda Annual Report, Sustainability Section, pages 60-67 https://www.tatgida.com/en/human-resources/working-for-tat/
	Determines the mechanisms for resolution of employee complaints and labor disputes, and establishes conflict resolution processes.	X					Tat Gıda Annual Report, Sustainability Section, pages 48-51 https://www.tatgida.com/en/about-us/code-of-ethics-and-compliance-policies/
	Discloses the activities for ensuring employee satisfaction during the reporting period.	X					Tat Gıda Annual Report, Sustainability Section, pages 60-67
C1.6	Establishes and discloses occupational health and safety policies.	X					Tat Gıda Annual Report, Sustainability Section, pages 68-69
	Discloses the measures adopted for preventing workplace accidents and for protecting occupational health along with statistical data on accidents.	X					Tat Gıda Annual Report, Sustainability Section, pages 68-69
C1.7	Establishes and discloses personal data protection and data security policies.	X					Tat Gıda Annual Report, Sustainability Section, pages 50-51
C1.8	Establishes and discloses a code of ethics.	X					Tat Gıda Annual Report, Sustainability Section, pages 50-51
C1.9	Explains the works within the scope of social investment, social responsibility, financial inclusion and access to finance.	X					Tat Gıda Annual Report, Sustainability Section, pages 46-78
C1.10	Organizes information meetings and training programs on ESG policies and practices for employees.	X					Tat Gıda Annual Report, Sustainability Section, pages 46-78

		Compliance					
PRINCIPLE		Yes	No	Partial	N/A	Explanation	Related Report/Link
C2. Stakeholders, International Standards and Initiatives							
C2.1	Establishes and discloses a customer satisfaction policy for handling and resolving customer complaints.	X					https://www.tatgida.com/en/about-us/responsibilities/
C2.2	Information about the communication with stakeholders (which stakeholder, subject and frequency) is publicly disclosed.	X					Tat Gıda Annual Report, Corporate Governance, pages 83-85 https://www.tatgida.com/en/investor-relations/material-disclosures/
C2.3	Discloses the international reporting standards embraced in its reporting.	X					Koç Holding Sustainability Report, 2021
C2.4	Discloses the principles embraced in relation to sustainability, international organizations, committees and principles that it is a signatory or member of.	X					Tat Gıda Annual Report, Sustainability Section, pages 46-47
C2.5	Makes improvements and concrete efforts to qualify for inclusion in sustainability indices of Borsa Istanbuland/or international index providers.	X					Tat Gıda Annual Report, Stock Performance page 15 https://borsaistanbul.com/en/sayfa/2227/sustainability-indices
D. Corporate Governance Principles							
D1	Seeks stakeholders' opinions when determining the measures and strategies in relation to sustainability.	X				In addition to stakeholder expectations, the Company conducted a strategic prioritization analysis in 2021 to determine its risks and opportunities related to environmental, social, and corporate governance. Both internal stakeholders, including employees at all seniority levels, and external stakeholders, including members of academia, civil society, industry associations, suppliers, customers and investors, were included in this study.	Tat Gıda Annual Report, Sustainability Section, pages 46-47 Corporate Governance, page 85
D2	Works on raising awareness of sustainability and its importance through social responsibility projects, awareness activities and training programs.	X					Tat Gıda Annual Report, Sustainability Section, pages 46-78

Statement of Responsibility

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

BOARD OF DIRECTOR’S RESOLUTION REGARDING THE ANNUAL REPORT
RESOLUTION DATE: 24.02.2023
RESOLUTION NUMBER: 2023/08

As per CMB regulations; attached Annual Report for 2022 , prepared by Company management and audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., that has been prepared under Turkish Code of Commerce and CMB's Communiqué Series No: II.14.1 “Communique On Principles of Financial Reporting in Capital Markets” (“Communique”).

Within the framework of the information we have in our field of duty and responsibility in our company, Annual Report for 2022 which includes The Corporate Governance Compliance Report, the Corporate Governance Information Form and CMB's Sustainability Principles Compliance Framework, in line with the CMB’s regulations;

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

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

Best Regards,

F. Fusün Akkal Bozok
Audit Committee President

M. Sait Tosyalı
Audit Committee Member

Başak Tekin Özden
Assistant General Manager, Finance & Accounting

Independency Declaration

I hereby declare that I'm a candidate for taking office as the “independent member” at Board of Directors of Tat Gıda Sanayi A.Ş. (The Company) under the criteria stipulated by the regulations, articles of association and Corporate Governance Communiqué of the Capital Markets Board and within this scope,

- a) Within the last five years, there hasn’t been any employment relation in executive position bearing material duties and responsibilities between me, my spouse and blood or other relatives up to the second degree and the Company, any of the affiliates, in which the Company control or materially effects the control and the partners controlling the management of the Company or the legal persons, the managements of which are controlled by the shareholders; that I neither hold, either jointly or individually, more than 5 % of the capital or voting rights or privileged shares, nor have established ay material commercial relations with them,
- b) Within the last five years, I haven't been partners (5% or more), worked at or carried out duty in executive position bearing material duties and responsibilities or as the Board Member of companies, especially in the companies which carry out the auditing (including tax audit, legal audit ad internal audit), evaluation and consultancy of the company and from which the company purchases significant quantities of services or goods under the agreements made, during the periods when such services and goods purchasing took place,
- c) I have professional training, knowledge and experience in order to duly perform the duties that I shall undertake as an Independent Board Member.
- d) I will not work full time at public and private institutions, excluding working as lecturer at the university according to the legislation, after I'm selected as the member.
- e) I am deemed to reside in Turkey pursuant to the Income Tax Law (ITL) dated 31/12/1960 and with the number 193,
- f) I have the strong ethical standards, professional prestige and experience that can make positive contribution to the company's operations, retain my objectivity in case of any interest disagreements between the company's partners and freely take resolution in consideration of the rights of the stake holders.
- g) I can allocate time sufficient for following the progress of the company's operation and in a manner that is suitable for fully performing the duties undertaken,
- h) I haven't carried out duty as the member of the Company for a period of more than 6 years within the last ten years,
- i) I am not carrying out duty as independent board member of more than three companies held by the partners controlling or holding the management control of the Company and in total, not carrying out duty as independent board member of more than five companies quoted in stock exchange,
- j) I haven't been registered and announced on behalf of the legal entity, who has been appointed as the Board member.

10 February 2022

M. SAİT TOSYALI

Independency Declaration

I hereby declare that I'm a candidate for taking office as the "independent member" at Board of Directors of Tat Gıda Sanayi A.Ş. (The Company) under the criteria stipulated by the regulations, articles of association and Corporate Governance Communique of the Capital Markets Board and within this scope,

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

11 February 2022

F. FÜSUN AKKAL BOZOK

Independency Declaration

I hereby declare that I'm a candidate for taking office as the "independent member" at Board of Directors of Tat Gıda Sanayi A.Ş. (The Company) under the criteria stipulated by the regulations, articles of association and Corporate Governance Communique of the Capital Markets Board and within this scope,

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- i) I am not carrying out duty as independent board member of more than three companies held by the partners controlling or holding the management control of the Company and in total, not carrying out duty as independent board member of more than five companies quoted in stock exchange,
- j) I haven't been registered and announced on behalf of the legal entity, who has been appointed as the Board member.

8 February 2022

NESLİHAN TONBUL

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GENERAL ASSEMBLY



Tat Gıda is an ecosystem with a high economic and social impact it creates with all stakeholders, especially employees, customers, producers, suppliers, and shareholders.



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Agenda for the Ordinary General Meeting

TAT GIDA SANAYİ A.Ş.
AGENDA FOR THE ORDINARY GENERAL MEETING
OF SHAREHOLDERS ON 20 MARCH 2023

1. Opening and appointment of the Chair of the Assembly,

2. Presentation, negotiation and approval of 2022 Annual Activity Report issued by the Board of Directors of the Company,

3. Presentation of the Independent Audit Report Summary related to year 2022 accounting period,

4. Presentation, negotiation and approval of the Financial Statements related to year 2022 accounting period,

5. Release of the members of the Board of Directors for the activities of the Company in year 2022,

6. Approval, approval through amendment or refusal of the proposal of the Board of Directors about the dividend distribution and the date of dividend payment for year 2022, which is prepared within the framework of the Company's dividend distribution policy.

7. Determining the number of the Board of Directors and their period in office, election of the determined number of members, election of the Independent Members of the Board of Directors,

8. Informing the Shareholders about the "Remuneration Policy" for Members of the Board of Directors and Senior Managers under the Corporate Governance Principles as well as the payments made under the policy and approval of the same,
9. Determining the yearly gross remunerations for the members of the Board of Directors,

10. Approval of the Independent Audit Company elected by the Board of Directors under the Turkish Commercial Code and the regulations of the Capital Markets Board,

11. Informing the Shareholders about the donations of the Company in 2022 and determining upper limit for the donations to take place in 2023,

12. Informing the Shareholders about the guarantees, pledges and liens given in favor of the third parties, and incomes or benefits provided by the Company in 2022 as to the regulations of Capital Markets Board,

13. Permission for the shareholders, members of the Board of directors, and senior managers, who have control in management, and their spouses and relatives up to second generation by heritage or by marriage, within the framework of 395 and 396 of the Turkish Commercial Code and informing the shareholders about the transactions realized in 2022 in parallel with the Corporate Governance Principles of the Capital Market Code,

14. Wishes and opinions.

Convenience Translation into English of Independent Auditor's Report on the Board of Directors' Annual Report Originally Issued in Turkish



To the General Assembly of Tat Gıda Sanayi A.Ş.

1. Opinion

We have audited the annual report of Tat Gıda Sanayi A.Ş. (the "Company") for the 1 January - 31 December 2022 period.

In our opinion, the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements regarding the Company's position in the Board of Directors' Annual Report are consistent and presented fairly, in all material respects, with the audited full set financial statements and with the information obtained in the course of independent audit.

2. Basis for Opinion

Our independent audit was conducted in accordance with the Independent Standards on Auditing that are part of the Turkish Standards on Auditing (the "TSA") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities in the Audit of the Board of Directors' Annual Report section of our report. We hereby declare that we are independent of the Company in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Our Audit Opinion on the Full Set Financial Statements

We expressed an unqualified opinion in the auditor's report dated 8 February 2023 on the full set financial statements for the 1 January - 31 December 2022 period.

4. Board of Director's Responsibility for the Annual Report

Company management's responsibilities related to the annual report according to Articles 514 and 516 of Turkish Commercial Code ("TCC") No. 6102 and Capital Markets Board's ("CMB") Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the "Communiqué") are as follows:

- a) to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;
- b) to prepare the annual report to reflect the Company's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report financial position is assessed in accordance with the financial statements. Also in the report, developments and possible risks which the Company may encounter are clearly indicated. The assessments of the Board of Directors in regards to these matters are also included in the report.



c) to include the matters below in the annual report:

- events of particular importance that occurred in the Company after the operating year,
- the Company’s research and development activities,
- financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

When preparing the annual report, the Board of Directors considers secondary legislation arrangements enacted by the Ministry of Trade and other relevant institutions.

5. Independent Auditor’s Responsibility in the Audit of the Annual Report

Our aim is to express an opinion and issue a report comprising our opinion within the framework of TCC and Communiqué provisions regarding whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited financial statements of the Company and with the information we obtained in the course of independent audit.

Our audit was conducted in accordance with the TSAs. These standards require that ethical requirements are complied with and that the independent audit is planned and performed in a way to obtain reasonable assurance of whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited[consolidated] financial statements and with the information obtained in the course of audit.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Cihan Harman, SMMM
Partner

Istanbul, 24 February 2023

Dividend Distribution Policy

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

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

As a principle, minimum 20% of the distributable dividend calculated based on the communiqués of the Capital Market Board shall be distributed in cash and/or as bonus shares calculated according to the communiqués of the Capital Market Board as long as the applicable regulations and financial means allow and with due consideration of the long-term strategies, investment and financing policies and profitability status of our company and as long as it can be covered by the sources entered into our legal records.

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

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

Dividend Distribution Proposal

During the meeting of our Board of Directors dated February 23, 2023; The financial statements prepared in accordance with Turkish Financial Reporting Standards (TFRS) for the accounting period of 1 January – 31 December 2022 and audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. have been examined and approved to be presented to the general assembly.

After reviewing the above mentioned financial statements and the financial report of Tat Gıda Sanayi A.Ş. formed according to the records kept in accordance with the provisions of the Tax Procedure Law (TPL);

It is seen that there is a net profit of TRY 295,262,469 according to the financial statements prepared in accordance with TFRS, and a net profit of TRY 343,142,425.92 according to the TPL records. Accordingly, it was decided,

a) the primary legal reserve of 5%, which should be reserved under article 519 of the Turkish Commercial Code, in the TPL records as of 31.12.2022 has reached the 20% limit of the capital and therefore not to be allocated for 2022;

b) And it is also seen that, according to the financial statements prepared in accordance with TFRS, the profit share base is TRY 297,786,040, as a result of adding the donations of TRY 2,523,571 TL to the net profit for the period of TRY 295,262,469;

and that the net distributable profit based on financial statements prepared in accordance with TPL is TRY 343,142,425.92,

And, according to this, it is decided to submit to the approval of our shareholders as proposed below at the ordinary general assembly meeting of our company:

In accordance with the Capital Markets legislation, Article 19 of the Company's Articles of Association and our Company's Profit Distribution Policy submitted to the information of the shareholders at the General Assembly dated March 17, 2022, in order to support the investments in line with the strategic plan and long-term goals of our Company, and taking into account the cash position and financing; it is hereby proposed to allocate TL 295,262,469 as extraordinary reserve without any profit distribution.

Tat Gıda Sanayi A.Ş. Dividend Distribution Statement for Year 2022 (TRY)		
1.Paid-In / Issued Capital		136.000.000,00
2. Total Legal Reserves (According to Legal Records)		38.030.658,89
Information on privileges in dividend distribution, if any, in the Articles of Association:		
	Based on CMB Regulations	Based on Legal Records
3. Current Period Profit	290.048.052,00	359.521.276,65
4. Taxes Payable (-)	-5.214.417,00	16.378.850,73
5. Net Current Period Profit (=)	295.262.469,00	343.142.425,92
6. Losses in Previous Years (-)	0,00	0,00
7. Primary Legal Reserve (-)	0,00	0,00
8. Net Distributable Current Period Profit (=)	295.262.469,00	343.142.425,92
9. Donations made during the year (+)	2.523.571,00	0,00
10. Net Distributable Period Profit Including the Donations	297.786.040,00	343.142.425,92
11. First Dividend to Shareholders	0,00	0,00
- Cash	0,00	0,00
- Bonus	0,00	0,00
- Total	0,00	0,00
12. Dividend Distributed to Privileged Shareholders	0,00	0,00
13. Dividend Distributed to the Members of the Board of Directors, Employees etc.	0,00	0,00
14. Dividend Distributed to Owners of Redeemed Shares	0,00	0,00
15. Second Dividend to Shareholders	0,00	0,00
16. Primary Legal Reserve	0,00	0,00
17. Statutory Reserves	0,00	0,00
18. Special Reserves	0,00	0,00
19. Extraordinary Reserves	295.262.469,00	343.142.425,92
20. Other Distributable Resources	0,00	0,00

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

This policy determines the remuneration system for the Members of the Board of Directors, General Manager, Assistant General Managers and Directors directly affiliated with the General Manager. In accordance with Turkish Commercial Code and Article 13 of Tat Gıda Sanayi A.Ş. Articles of Association, a fixed remuneration is determined for the board membership functions of all members of the Board at the Annual General Meeting of the Company. Pro rata payment is made to the members of the Board of Directors by taking into account the time they carried out their duty between the date of appointment and the date of resignation.

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

In addition to the fixed wage determined at the general assembly, additional benefits may be provided within the framework of the opinion of the Corporate Governance Committee to the members assigned to carry out certain functions in order to contribute to company activities other than the membership of the board of directors.

In respect of remuneration of the Independent Members of the Board of Directors, a payment plan based on the performance of the Company may not be used.

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

The remuneration for the senior managers, on the other hand, consists of two components, which are fixed and performance based.

Our remuneration management systems are established and applied in line with fair, objective, competitive, rewarding and motivating criteria and primary goals that recognize high performance.

The fixed salaries for Senior Managers are determined in accordance with international standards and legal obligations by taking into account the prevailing macroeconomic data in the market, the salary policies prevailing in the market, the size and long-term targets of the Company and the positions of the persons. With the remuneration policy, it is aimed to increase the motivation and loyalty of the employees by taking into account the internal wage balances and competitiveness in the market, and to attract qualified employees that have competencies capable of achieving our strategical business goals.

Bonuses for Senior Managers, on the other hand, are calculated based on bonus base, the performance of the company and the individual performance in a way that will support companies to exceed business goals, encourage high performance and reward sustainable success. A summary of the criteria is as follows:

- **Bonus Base:** Bonus Base is updated at the beginning of each year and varies depending on the work volume of the management positions. When updating the bonus base, senior management bonus policies in the market are taken into account.
- **Company Performance:** The performance of the Company is determined at the end of the year by measuring the financial and operational targets (i.e. market share, exports, overseas operations, productivity) assigned to the Company at the

beginning of each year. In determination of the Company's targets, the sustainability of success and the degree to which it incorporates improvements over previous years are the principles taken into account.

- **Individual Performance:** In the determination of individual performance, the individual and collective objectives and key results determined by Senior Managers with their teams and executives are taken into account. In the measurement of individual performance, the principle of achieving long-term sustainable improvement in areas and compliance with Environmental, Social and Governance (ESG) policies apart from the financial dimension are also observed.

Severance payments may be granted to the Senior Managers by taking into account total term of service, term of service as an executive, as well as contributions made to the Company, the recent bonus base, and the salaries and bonuses paid in the last year of service.

Total amounts determined by the above principles and paid to the Senior Managers and the members of the Board of Directors during the year are submitted to the information and/or approval of the shareholders during the general assembly in accordance with the legislation.

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FINANCIAL REPORT



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PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
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Mersis Numaramız: 0-1460-0224-0500015

Independent Auditor’s Report

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR’S REPORT ORIGINALLY ISSUED IN TURKISH

To the General Assembly of Tat Gıda Sanayi A.Ş.

A) Audit of the financial statements

1. Our opinion

We have audited the accompanying financial statements of Tat Gıda Sanayi A.Ş. (the “Company”) which comprise the statement of financial position as at 31 December 2022, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and notes to the financial statements comprising a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards (“TFRS”).

2. Basis for opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the “SIA”) that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the “POA”). Our responsibilities under these standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. We hereby declare that we are independent of the Company in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the “Ethical Rules”) and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



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Key Audit Matters	How the key audit matter was addressed in the audit
<p>Revenue recognition</p> <p>The revenue items that the Company generates revenue mainly consists of sales of the manufactured food and canned products. Revenue is recognized in the financial statements when the Company fulfils its performance obligation by transferring control of the promised products to its customers.</p> <p>Revenue is one of the most important indicators in the performance evaluation of the Company. Revenue has significant importance in terms of evaluating the results of the strategies implemented during the year and monitoring the performance.</p> <p>The revenue amounting to TRY2,786,598,384 which is the largest financial statement item in the statement of profit or loss for the period 1 January - 31 December 2021*, has been identified as a key audit matter due to its significance level.</p> <p>Explanations regarding the Company's accounting policies and amounts regarding revenue are included in Notes 2.6 and 21.</p>	<p>During our audit, the following audit procedures were performed for the recognition of revenue:</p> <p>- Evaluating the conformity of the Group's accounting policies for the recognition of the revenue,</p> <p>- Performing tests on the accuracy of customer invoices with the sampling method and checking the accounting of the related contracts within the scope of TFRS 15, “Revenue from Customer Contracts”,</p> <p>- Evaluating the performance obligations determined by the Company and checking whether the revenue is accounted in accordance with the relevant accounting policies,</p> <p>- Testing the revenue items belong to period ending and the beginning of the following period with the sampling method regarding the cut-off of the revenue,</p> <p>- Evaluating the adequacy of the notes and explanations for revenue recognition which are explained in Note 2.6 and 21 within the scope of TFRS 15, “Revenue from Customer Contracts” standard,</p> <p>As a result of these procedures on the recognition of revenue, we did not have any significant findings.</p>

*1 AR'de 2022 olarak görülmektedir.



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4. Responsibilities of management and those charged with governance for the financial statements

The Company management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

5. Auditor’s responsibilities for the audit of the financial statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor’s report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.



PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
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· Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Other responsibilities arising from regulatory requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code (“TCC”) No. 6102 and that causes us to believe that the Company’s bookkeeping activities concerning the period from 1 January to 31 December 2022 period are not in compliance with the TCC and provisions of the Company’s articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor’s report on the early risk identification system and committee was submitted to the Company’s Board of Directors on 8 February 2023.

Additional explanation for convenience translation into English

Turkish Financial Reporting Standards differ from International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board with respect to the application of IAS 29 - Financial Reporting in Hyperinflationary Economies by 31 December 2022. Accordingly, the accompanying financial statements are not intended to present fairly the financial position and results of operations of the Company in accordance with IFRS.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Cihan Harman, SMMM
Partner

Istanbul, 8 February 2023

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TAT GIDA SANAYİ A.Ş.
STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2022
(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

		Audited	Audited
	Notes	31 December 2022	31 December 2021
ASSETS			
Current Assets			
Cash and cash equivalents	4	287,657,658	106,046,019
Trade receivables		843,981,378	473,882,599
-Trade receivables from related parties	7.28	715,269,310	433,602,270
-Trade receivables from third parties	7	128,712,068	40,280,329
Other receivables		1,426,048	2,875,061
-Other receivables from third parties	8	1,426,048	2,875,061
Inventories	9	2,392,033,134	627,595,375
Derivatives	16	-	9,063,664
Prepaid expenses	10	76,798,187	29,206,570
Current income tax assets	26	1,982,603	-
Other current assets	19	311,099,028	101,146,584
Total Current Assets		3,914,978,036	1,349,815,872
Non-Current Assets			
Other receivables		68,085	68,085
-Other receivables from third parties	8	68,085	68,085
Financial investments	5	9,017,263	5,122,949
Property, plant and equipment	11	415,119,255	229,427,009
Right of use assets	12	34,142,076	25,481,697
Intangible assets	12	16,873,924	8,737,285
Deferred tax assets	26	47,231,597	18,891,876
Other non-current assets	19	-	294,817
Total Non-Current Assets		522,452,200	288,023,718
TOTAL ASSETS		4,437,430,236	1,637,839,590

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

TAT GIDA SANAYİ A.Ş.

STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2022

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

		Audited	Audited
	Notes	31 December 2022	31 December 2021
LIABILITIES			
Short term liabilities			
Short term financial borrowings	6	1,913,025,463	92,401,001
Short term leasing borrowings	6	8,751,196	5,618,972
- Leasing borrowings to related parties	28	6,335,136	3,866,636
- Leasing borrowings to third parties		2,416,060	1,752,336
Short term portion of long-term borrowings	6	408,907,507	147,144,849
Trade payables		636,790,381	257,816,497
- Trade payables to related parties	7,28	97,141,555	49,053,751
- Trade payables to third parties	7	539,648,826	208,762,746
Employee benefit obligations	18	24,159,639	4,475,763
Other payables		44,216,868	19,047,239
- Other payables from related parties	28	27,915,166	11,724,613
- Other payables from third parties	8	16,301,702	7,322,626
Deferred income	10	53,998,834	6,505,824
Current tax liabilities	26	-	6,066,187
Short-term provisions		17,301,557	14,159,957
- Short term provisions for employment benefits	18	3,172,433	1,747,433
- Other short term provisions	14	14,129,124	12,412,524
Total short term liabilities		3,107,151,445	553,236,289
Long term liabilities			
Long term financial borrowings	6	149,781,000	160,000,000
Long term leasing borrowings	6	29,313,818	22,096,945
- Long term leasing borrowings to related parties	28	5,467,780	4,488,922
- Long term leasing borrowings to third parties		23,846,038	17,608,023
Long term provisions		47,027,824	17,295,879
- Long term provisions for employment benefits	18	47,027,824	17,295,879
Total long term liabilities		226,122,642	199,392,824
Total liabilities		3,333,274,087	752,629,113
Equity attributable to equity holders of the parent company			
Share capital	20	136,000,000	136,000,000
Inflation adjustment to share capital	20	21,601,088	21,601,088
Share premiums	20	10,107,809	10,107,809
Other comprehensive income or expenses that may be reclassified subsequently to profit or loss		2,929,927	3,409,399
- Financial assets revaluation reserve	20	6,840,727	3,409,399
- Losses related to hedging from flow risk		(3,910,800)	-
Other comprehensive income or expenses that will not be reclassified subsequently to profit or loss	20	(22,189,177)	(2,812,064)
- Actuarial gains/(losses) in defined benefit plan		(22,189,177)	(2,812,064)
Restricted reserves	20	118,758,083	72,461,784
Prior years' profit		541,685,950	421,252,127
Profit for the period		295,262,469	223,190,334
Total equity		1,104,156,149	885,210,477
TOTAL LIABILITIES AND EQUITY		4,437,430,236	1,637,839,590

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

TAT GIDA SANAYİ A.Ş.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

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

		1 January - 31 December 2022	1 January - 31 December 2021
	Notes	Audited	Audited
Continuing operations			
Sales	21	2,786,598,384	1,091,763,568
Cost of sales (-)	21	(1,969,231,744)	(772,830,339)
Gross profit from continuing operations		817,366,640	318,933,229
Marketing expenses (-)	22	(233,792,825)	(103,101,813)
General administrative expenses (-)	22	(195,071,609)	(83,037,369)
Research and development expenses (-)	22	(4,090,187)	(1,780,780)
Other income from operating activities	23	260,387,088	71,024,074
Other expenses from operating activities (-)	23	(179,671,978)	(63,887,442)
Operating profit from continuing operations		465,127,129	138,149,899
Income from investing activities	24	2,926,140	2,249,385
Expenses from investing activities (-)	24	-	(205,051)
Operating profit before finance income/(expense)		468,053,269	140,194,233
Finance income	25	76,191,877	161,685,339
Finance expense (-)	25	(254,197,094)	(147,581,571)
Profit before tax		290,048,052	154,298,001
Tax income/(expense)		5,214,417	3,328,549
- Current tax expense	26	(17,487,506)	(9,394,735)
- Deferred tax income	26	22,701,923	12,723,284
Profit for the period from continuing operations		295,262,469	157,626,550
Profit for the period from discontinued operations	15	-	65.563.784
Profit for the period		295.262.469	223.190.334
Earnings per share		2.17	1.64
Earnings per common and diluted share from continuing operations	27	2.17	1.16
Earnings per common and diluted share from discontinued operations	27	-	0.48
Profit for the period		295,262,469	223,190,334
Other comprehensive income:			
Actuarial gain (loss) of revaluation or classification of investments using equity method		3,431,328	704,307
Expense (income) relating to avoidance of risk of cash flow		(3,910,800)	743,102
Actuarial gains /(losses) on employee benefits		(19,377,113)	(2,062,433)
Total other comprehensive income		(19,856,585)	(615,024)
Total comprehensive income		275,405,884	222,575,310

The accompanying notes form an integral part of these financial statements

TAT GIDA SANAYİ A.Ş.
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022
(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

				Accumulated Other Comprehensive Income Reclassified to Profit or Loss		Accumulated Other Comprehensive Income Not to Be Reclassified to Profit or Loss				
	Share Capital	Inflation adjustments to share capital	Share premium	Financial assets revaluation reserve	Hedging related to cash flow risk	Actuarial gain/(losses) in defined benefit plans	Restricted profit reserves	Net profit for the Period	Retained earnings	Total equity
Balance as at 1 January 2021	136,000,000	21,601,088	10,107,809	2,705,092	(743,102)	(749,631)	29,533,338	167,274,341	339,018,230	704,747,165
Transfers	-	-	-	-	-	-	42,928,446	(167,274,341)	124,345,895	-
Total comprehensive income	-	-	-	704,307	743,102	(2,062,433)	-	223,190,334	-	222,575,310
Dividends (Note 20)	-	-	-	-	-	-	-	-	(42,111,998)	(42,111,998)
Balance as at 31 December 2021	136,000,000	21,601,088	10,107,809	3,409,399	-	(2,812,064)	72,461,784	223,190,334	421,252,127	885,210,477
Balance as at 1 January 2022	136,000,000	21,601,088	10,107,809	3,409,399	-	(2,812,064)	72,461,784	223,190,334	421,252,127	885,210,477
Transfers	-	-	-	-	-	-	46,296,299	(223,190,334)	176,894,035	-
Total comprehensive income	-	-	-	3,431,328	(3,910,800)	(19,377,113)	-	295,262,469	-	275,405,884
Dividends (Note 20)	-	-	-	-	-	-	-	-	(56,460,212)	(56,460,212)
Balance as at 31 December 2022	136,000,000	21,601,088	10,107,809	6,840,727	(3,910,800)	(22,189,177)	118,758,083	295,262,469	541,685,950	1,104,156,149

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

TAT GIDA SANAYİ A.Ş.
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022
(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

	Notes	Audited	Audited
		1 January - 31 December 2022	1 January - 31 December 2021
Continuing profit before tax		295,262,469	157,626,550
Discontinued operations profit		-	65,563,784
Adjustments to reconcile profit for the period:			
Adjustments related to depreciation and amortization expenses	11.12	34,013,620	19,890,887
Adjustments related to impairment			
<i>Adjustments related to impairment of stocks</i>	9	<i>(2,091,066)</i>	<i>1,974,019</i>
Adjustments related to provisions			
<i>Adjustments related to provision for employee termination benefit</i>	18	<i>17,265,119</i>	<i>4,897,749</i>
<i>Adjustments related to other provisions</i>	14	<i>1,825,764</i>	<i>534,494</i>
Adjustments related to gain or loss on sales of property, plant and equipment	24	(303,157)	96,036
Adjustment related to gain on available for sales	15	-	(69,041,724)
Adjustments related to income accruals	19	(8,329,051)	(8,147,515)
Adjustments related to increase in fair value of derivatives	16	9,063,664	(9,576,035)
Adjustments related to tax expense	26	(5,214,417)	(3,328,549)
Unrealized foreign exchange loss		7,523,654	21,132,999
Discount expense		1,189,273	(5,185,690)
Discount income		49,758,062	8,022,824
Interest income	25	(22,527,649)	(15,867,768)
Interest expense	25	210,159,395	38,794,911
Changes in working capital		587,595,680	207,386,972
Adjustments related to changes in trade receivables and other receivables		(88,171,999)	(20,458,289)
Adjustments related to changes in due from related parties		(281,776,204)	(4,467,888)
Adjustments related to changes in inventories		(1,762,346,693)	(221,985,895)
Adjustments related to changes in prepaid expenses		(47,591,617)	(16,486,699)
Adjustments related to changes in other current and non-current assets		(203,372,899)	(10,118,697)
Adjustments related to changes in trade payables		281,128,018	29,074,850
Adjustments related to changes due to related parties		64,278,357	7,289,776
Adjustments related to changes in deferred income		47,493,010	1,869,620
Adjustments related to changes in employee benefit payables		-	(66,293)
Adjustments related to changes in other current liabilities		20,144,504	1,978,364
Cash flows from operating activities		(1,382,619,843)	(25,984,179)
Employee termination benefits paid	18	(5,485,287)	(2,553,410)
Taxes refund/(paid)	26	(25,039,683)	(28,392,959)
Net cash flows (used in)/from operating activities		(1,413,144,813)	(56,930,548)
Investing activities:			
Property, plant and equipment and intangible asset acquisitions	11.12	(218,921,564)	(155,397,255)
Cash generated from sale of property, plant and equipment and intangible assets		434,734	168,381
Dividend received		-	182,128,321
Net cash used in investing activities		(218,486,830)	26,899,447
Financing activities:			
Cash outflow due to leasing	6	(14,402,080)	(10,277,424)
Cash inflows due to loan received	6	2,424,908,289	255,412,950
Cash outflows due to loan received	6	(523,551,734)	(177,064,128)
Interest paid		(39,778,630)	(26,362,272)
Interest gained	25	22,527,649	15,867,768
Dividend paid	20	(56,460,212)	(42,111,998)
Net cash (used in)/from financing activities		1,813,243,282	15,464,896
Net change in cash and cash equivalents		181,611,639	(14,566,205)
Cash and cash equivalents at the beginning of the period	4	106,046,019	120,612,224
Cash and cash equivalents at the ending of the period	4	287,657,658	106,046,019

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

TAT GIDA SANAYİ A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

NOTE 1 - ORGANISATION AND OPERATIONS OF THE COMPANY

Tat Gıda Sanayi A.Ş. (“Tat Gıda” or “the Company”) was established in 1967 with the name Tat Konserve Sanayii A.Ş., the name change of the Company was decided at the extraordinary assembly meeting on 30 October 2013 and registered on 15 November 2013. The Company is engaged in production, distribution, marketing, domestic and foreign trade and brokerage of semi-finished goods and finished goods of such products; merchandise goods, food, beverage, juice, agricultural and animal products, frozen foods, dried goods, including pulverized goods and raw and primitive form of materials recipient and additives, sweet and sugar free juice and canned goods. The Company is registered in Turkey and is operating in accordance with the Turkish Commercial Code.

The Company has entered the registered capital system with the permission of the Capital Market Board dated 20.08.1992 and numbered 454. The registered capital of the Company is TRY250.000.000 and it is divided into 25.000.000.000 shares each with a nominal value of 1 Kuruş. The permission of the registered share capital ceiling is valid for 5 years between 2021 - 2025 and the Board of Directors has the authority to issue shares above the nominal value and to restrict the rights of the current shareholders.

The issued capital of the Company is TRY136.000.000 and its parent is Koç Holding A.Ş. Detailed information on the shareholding structure is given in Note 20.

The shares of the Company are traded in Borsa İstanbul as of 9 August 1993 and the share in the actual circulation is 41.40%.

The registered head office address of the company is “Taşdelen Mah. Sırrı Çelik Bulvarı No:7 34788 Çekmeköy/İstanbul/Türkiye” The company carries out its production activities in Mustafakemalpaşa/Bursa, Karacabey/Bursa, Torbalı/İzmir.

The domestic marketing and sales activities of the Company are performed mostly by Düzey Tüketim Malları Sanayi Pazarlama A.Ş. (“Düzey”), a Koç Group company; some part of export activities of the Company are performed by Ram Dış Ticaret A.Ş. (“Ram”), a Koç Group company.

As of 31 December 2022 and 31 December 2021, the number of end-of-period, average, permanent and temporary personnel employed within the Company is as follows:

	2022		2021	
	End of Period	Average	End of Period	Average
Permanent Personnel	484	459	426	467
Temporary Personnel	289	637	227	558
Total	773	1,096	653	1,025

TAT GIDA SANAYİ A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basic Principles of Presentation

Principles of measurement

The financial statements are prepared in Turkish Lira (“TL”) based on the historical cost convention except for the equity instruments and derivatives which are carried at fair value through profit or loss. In determining the historical cost, the fair value of the amount paid for the assets is generally taken as the basis. The financial statements have been prepared on the basis of the inflation adjusted historical cost basis.

Public oversight accounting and auditing Standards Authority (“POA”) made an announcement on 20 January 2022 about application of financial reporting in hyperinflationary Economies for Turkish Financial Reporting Standards and Reporting Standards for Large and Medium Sized Entities. In accordance with the announcement, companies That apply TFRS should not adjust financial statements for TAS 29 - Financial Reporting In Hyperinflationary Economies for the year 2021. As of the preparation date of this year end condensed Consolidated financial information, POA did not make an additional announcement And no adjustment was made to this interim condensed consolidated financial Information in accordance with TAS 29.

Reporting and Functional Currency

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

Going concern

The Company prepared financial statements in accordance with the going concern assumption.

Foreign Currency

Foreign currency transactions

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

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

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

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

TAT GIDA SANAYİ A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

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

2.1 Basic Principles of Presentation (Continued)

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

- Foreign exchange differences related to the assets that are being constructed for future use and included in the cost of such assets, which are considered as a correction item in the interest costs on the liabilities denominated in a foreign currency,
- Foreign exchange differences arising from transactions with the purpose of providing financial protection against the risks arising from the foreign currency (accounting policies for providing financial protection against risks).

Annual changes in Euro/TRY and USD/TRY exchange rates are as follows at the end of the reporting period:

	31 December 2022	31 December 2021
EUR/TRY	19.9349	15.0867
EUR/TRY	18.6983	13.3290

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

The financial statements of the company have been prepared in accordance with TFRS. TFRSs include Turkish Accounting Standarts (TAS), Turkish Financial Reporting Standarts (TFRSs), TMS Comments and Turkey Financial Reporting Standards comprise standards and interpretations published by TAS Reviews, published by the Public Oversight, Accounting and Auditing Standards Authority (“POA”).

The attached financial statements prepared based on the Capital Markets Board Notification No II-14.1 published in the Official Gazette dated 13 June 2013 and numbered 28676, the Public Oversight, Accounting and Auditing Standards Authority (“KGK”), which was enacted by Turkey Financial Reporting Standards (“TFRSs”) as appropriate. TFRS; includes standards and comments published by the ups under the names of Turkish Accounting Standards (“TAS”), Turkish Financial Reporting Standards, TAS comments and TFRS comments.

The financial statements are presented in accordance with “Announcement regarding with TAS Taxonomy” which was published on April 15, 2019 by POA and the format and mandatory information recommended by CMB.

Approval of financial statements:

The financial statements prepared as of and for the year ended 31 December 2021 is approved by the Board of Directors on 8 February 2022. General Assembly and other regulatory authorities have the right to restate the legal financial statements, base of the accompanying financial statements, after the financial statements is published.

2.3 Financial Statements of Comparative Information and Restatement of Prior Period

The financial statements of the Company are prepared in comparison with the previous period in order to enable the determination of financial status and performance trends. In accordance with the presentation of the current period financial statements, comparative information is reclassified and significant differences are disclosed.

2.4 Changes in significant accounting policies

The accounting policies applied in the financial statements of the company as of 31 December 2022 are the same as the accounting policies applied in the financial statements as of the year ending 31 December 2021.

TAT GIDA SANAYİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

2.5 New and Revised Accounting Standards

a. Standards, amendments, and interpretations applicable as of 31 December 2022:

• **Amendment to IFRS 16, ‘Leases’ - Covid-19 related rent concessions Extension of the practical expedient (effective 1 April 2021);** As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

• **A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16; effective from annual periods beginning on or after 1 January 2022.**

- **Amendments to IFRS 3,** ‘Business combinations’ update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

- **Amendments to IAS 16,** ‘Property, plant and equipment’ prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

Amendments to IAS 37, ‘Provisions, contingent liabilities and contingent assets’ specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 1, ‘First-time Adoption of IFRS’, IFRS 9, ‘Financial Instruments’, IAS 41, ‘Agriculture’ and the Illustrative Examples accompanying IFRS 16, ‘Leases’.

b. Standards, amendments, and interpretations that are issued but not effective as of 31 December 2022:

• **Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

• **Amendment to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction;** effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

TAT GIDA SANAYİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

2.5 New and Revised Accounting Standards (Continued)

• **Amendment to IFRS 16 - Leases on sale and leaseback;** effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

• **Amendment to IAS 1 - Non current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

• **IFRS 17, ‘Insurance Contracts’, as amended in December 2021;** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

The effects of these changes on the financial position and performance of the Company are being evaluated.

2.6 Summary of Significant Accounting Policies

The accounting policies considered during the preparation of the financial statements are as follows:

Cash and cash equivalents

Cash and cash equivalents are carried at cost in the balance sheet. Cash and cash equivalents comprise cash in hand, bank deposits and highly liquid investments, whose maturity at the time of purchase is less than three months (Note 4).

Related parties

For the purpose of these financial statements, Koç Holding A.Ş., shareholders, key management personnel and Board members, in each case together with their families and companies, associates and joint ventures controlled by or affiliated with them are considered and referred to as related parties (Note 28).

Inventories

Inventories are valued at the lower of cost and net realizable value. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of income/(loss) in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down (Note 9).

TAT GIDA SANAYİ A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

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

2.6 Summary of Significant Accounting Policies (Continued)

The cost of inventories is based on weighted average method and includes expenditure incurred in acquiring inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

In the case of manufactured inventories and work in progress, costs include an appropriate share of production overheads based on normal operating capacity.

Tangible fixed assets

(i) Recognition and measurement

Tangible fixed assets are measured by deducting any accumulated depreciation and any impairment provisions from their cost values, including borrowing costs. The costs of property, plant and equipment purchased before 1 January 2005 were adjusted for the effects of inflation as of 31 December 2004.

When the parts comprising, tangible fixed assets have different useful lives, they are accounted for as separate parts (significant parts) of the tangible fixed asset.

Gains or losses arising from the disposal of a tangible asset are recognized in profit or loss.

(ii) Subsequent cost

Subsequent expenditures can only be capitalized in cases where it is possible to transfer the economic benefits that will arise as a result of these expenditures to the Company.

(iii) Amortization

Tangible fixed asset items are subject to depreciation as of the day these assets are completed and ready for use for assets that are currently available or built by the Company. Depreciation is calculated by the straight-line method over the estimated useful lives of these items, after deducting the estimated residual values from the costs of tangible fixed assets. Depreciation is usually recognized in profit or loss unless it is included in the carrying amount of another asset.

Leased assets are depreciated over the shorter of the lease term and the useful life of the leased assets, if the Company will not take ownership of the leased asset with reasonable certainty at the end of the lease. Land is not depreciated.

TAT GIDA SANAYİ A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

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

2.6 Summary of Significant Accounting Policies (Continued)

The estimated useful lives of material fixed asset items in current and comparative periods are as follows:

- Underground and above ground layouts 5 - 30 years
- Buildings 10 - 50 years
- Machinery, plant and devices 3 - 20 years
- Flooring and fixtures 3 - 15 years
- Vehicles 4 - 10 years
- Private costs 4 - 6 years

Depreciation methods, useful lives and residual values are reviewed as of each reporting date and adjusted when necessary.

Intangible fixed assets

The estimated useful lives of material fixed asset items in non - current and comparative periods are as follows:

- Rights 3 - 15 years
- Computer software 5 - 10 years
- Other intangible assets 5 - 10 years

Depreciation methods, useful lives and residual values are reviewed as of each reporting date and adjusted when necessary.

Corporate income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

Deferred tax (Continued)

Corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

These types of investments and interest associated with the taxable temporary differences arising from the deferred tax asset in the near future taxable sufficient to obtain profit in the above mentioned differences can be utilized is probable and the future of the differences on the disappearance is probable that the conditions are calculated.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities over cost.

Discontinued operations

A discontinued activity is a part of the business of the Company, and it is a part that includes the activities and cash flows that can be clearly distinguished from other parts of the Company and:

- Refers to a separate main line of business or geographical area of activities;
- It is part of the sale of a separate main line of business or geographic area of activities individually within a coordinated plan; or
- It is a subsidiary acquired for resale purposes only.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

Classification as a discontinued operation takes place after or before the sale of the activity, if the activity meets the criteria for being held for sale.

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

Based on the decision to sell the production facilities of the milk and milk product business line and all other related assets and liabilities, profit or loss and other comprehensive income statement for the period 1 January - 31 December 2021 and 1 January - 31 December 2022 all of them are classified under “Profit/(loss) for the period from discontinued operations”. As of 31 December 2021, assets of SEK business line are classified under “Assets as held for sale” and liabilities under “Liabilities as held for sales” (Note 15).

Government grants

The Company recognizes an unconditional government grant related to a biological asset in profit or loss as other income when the grant becomes receivable. Other government grants related to assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the Company for expenses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses are recognized.

Financial instruments

i) Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL.

Financial instruments are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

ii) Classification and subsequent measurement (continued)

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

Financial assets - Business model assessment (Continued)

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

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

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

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

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows terms that may adjust the contractual coupon rate, including variable-rate features; prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract.

Additionally, (i) for a financial asset acquired at a discount or premium to its contractual par amount, (ii) a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition (iii).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss. However, see (v) for derivatives designated as hedging instruments.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Financial liabilities - Classification, subsequent measurement and gains and losses

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

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

ii) Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

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

2.6 Summary of Significant Accounting Policies (Continued)

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

iii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

iv) Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

The Company designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates and certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognized in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

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

2.6 Summary of Significant Accounting Policies (Continued)

Cash flow hedges (Continued)

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

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

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

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

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

Capital

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

Provision for employee termination benefits

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

Classified assets held for sale and discontinued operations

Instead of continuing to use, the disposal group consisting of fixed assets or assets and liabilities that are likely to be disposed of is classified as being for sale or distribution purposes.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

Classified assets held for sale and discontinued operations (Continued)

Such assets or disposal group are measured with the lower of their net book value and their fair value less costs to sell. The impairment in the asset group to be disposed of is allocated primarily to goodwill and then, provided that no impairment loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment properties or biological assets, which are valued in accordance with the Company's accounting policies. It is allocated proportionally to the remaining assets and liabilities. As non-current assets held for sale or distribution, impairment losses on the date of first classification and gains and losses in subsequent measurements are recognized in profit or loss.

Intangible fixed assets and tangible fixed assets are not subject to depreciation or amortization after they are classified as held for sale or distribution. In addition, equity accounting is terminated for investments valued with the equity method.

Provisions, contingent assets and liabilities

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company are not included in financial tables and treated as contingent assets or liabilities.

Provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Revenue from contracts with customers

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

Step 1: Identifying the contract

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

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

Step 2: Identifying the performance obligations

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

- (a) A performance obligation either a good or service that is distinct;
- (b) Or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer.

A contract may contain promises to deliver a series of distinct goods or services that are substantially the same. At contract inception, an entity determines whether the series of goods or services is a single performance obligation.

Step 3: Determining the transaction price

In order to determine the transaction price, the Company assesses how much consideration it expects to be entitled to by fulfilling the contract. In arriving at the assessment, the Company considers variable elements of consideration, as well as the existence of a significant financing component

Significant financing component

The Company revises the promised amount of consideration for the effect of a significant financing component to the amount that reflects what the cash selling price of the promised good or service. As a practical expedient, the Company does not adjust the transaction price for the effects of a significant financing component if, at contract inception, the entity expects the period between customer payment and the transfer of goods or services to be one year or less. In cases where advance for the services are received and the payment scheme is broadly aligned with the Company’s performance throughout the period, the Company concludes that the period between performance and payment is never more than 12 months, therefore the expedient is applied.

Variable consideration

The Company identifies items such as price concessions, incentives, performance bonuses, completion bonuses, price adjustment clauses, penalties, discounts, credits, or similar items may result in variable consideration if there is any in a customer contract.

Step 4: Allocating the transaction price to performance obligations

If distinct goods or services are delivered under a single arrangement, then the consideration is allocated based on relative stand-alone selling prices of the distinct goods or services (performance obligations). If directly observable stand-alone selling prices are not available, the total consideration in the service contracts is allocated based on their expected cost plus a margin.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

Step 5: Recognition of revenue

The Company recognizes revenue over-time if any of the following conditions is met:

- Customer simultaneously receives and consumes the benefits as the entity performs, or
- The customer controls the asset as the entity creates or enhances it, or
- Company’s performance does not create an asset for which the entity has an use; and alternative there is a right to payment for performance to date.

For each performance obligation that is satisfied over time, an entity selects a single measure of progress, which depicts the transfer of control of the goods or services to the customer. The Company uses a method that measures the work performed reliably. The Company uses cost incurred to measure the progress towards to completion of the project where the input method is used and uses units transferred to measure the progress towards to completion of the project where the output method is used.

If a performance obligation is not satisfied over time, then the Company recognize revenue at the point in time at which it transfers control of the good or service to the customer.

The Company recognizes a provision in accordance with TAS 37 “Provisions, Contingent Liabilities and Contingent Assets” when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits.

Contract changes

If the Company commits to offer additional goods or services, it accepts the contract change as a separate contract. In case of the termination of the existing contract and the creation of a new contract, if the goods or services offered are different, they shall recognize the related changes. If the amendment to the contract does not create separate goods or services, the entity shall, with the first contract, recognize by combining additional goods or services as if it were a part of the initial contract.

Sales of Goods

The revenue items that the Company generates revenue mainly consists of the sales of the manufactured food products to the related party companies. Revenue is recognized in the financial statements when the Company fulfills its performance obligation by transferring control of the promised products to its customers.

Dividend and interest income

Dividend income from equity investments is recognized when the shareholders’ right to receive dividends is established (as long as it is possible for the Company to obtain economic benefits and to reliably measure revenue).

Interest income from financial assets is recognized when the Company is expected to obtain economic benefits and that the revenue can be measured reliably.

TAT GIDA SANAYİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

2.6 Summary of Significant Accounting Policies (Continued)

Leases

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

As a Lessee

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

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

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

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

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

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

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

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

TAT GIDA SANAYİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

2.6 Summary of Significant Accounting Policies (Continued)

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

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

Short-term leases and leases of low - value assets

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

Finance income and cost

Finance income is comprised of interest income and foreign exchange gains. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs are comprised of interest expense on borrowings, transaction costs, coupon payments of bond, impairment losses recognized on financial assets (except for trade receivables). Borrowing costs that cannot be matched with acquisition, construction or production of an asset are recognized in profit or loss by using effective interest rate.

Discount, late payment and foreign exchange gains and losses arising from trading transactions are recognized in other operating income and expense.

Time difference financing income/expenses represent income/expenses incurred due to forward purchases and sales. Such income/expenses are considered as financial income and expenses arising from forward purchases and sales within the period and are included in other income and expenses from main activities during the maturity period.

Earnings per share/(loss)

The basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**2.6 Summary of Significant Accounting Policies (Continued)****Cash flow statement**

In statement of cash flow, cash flows are classified according to operating, investment and finance activities. Cash flows from operating activities reflect cash flows generated from the sales of goods and commodities of the Company. Cash flows from investment activities express cash used in investment activities (direct investments and financial investments) and cash flows generated from investment activities of the Company. Cash flows relating to finance activities express sources of financial activities and payment schedules of the Company.

Netting/offset

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.7 Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

NOTE 3 - SEGMENT REPORTING**Primary reporting format - Business segment**

In addition to the industrial segment reporting, the company discloses the details of the revenue for the period on the basis of the geographical locations in Note:21 for domestic and international sales. However, it has been concluded that the activities do not have the feature of a reportable segment in terms of geographical regions since all of the Company's reportable assets and liabilities are located in Turkey. Since the company management evaluates the operating results and performance over the financial statements prepared in accordance with TFRS, TFRS financial statements are used when preparing the reporting according to the departments.

Tat Gıda Sanayi A.Ş. Within the framework of long-term business plans, the Board of Directors decided to exit the pasta and bakery products business line in 2019, taking into account its share in total turnover and profitability. Production activities in Pastavilla business, which operates in the pasta and bakery products business line, ended as of 2 September 2019, and sales activities as of 2 October 2019 following the completion of the brand transfer.

Following the cessation of the company's activities in the pasta and bakery products business line, it was announced to the public on 13 October 2020, that the works for the sale of the real estate belonging to the pasta business in Bornova district of Izmir province were initiated in case of suitable conditions; on 9 November 2020, sales were made for TRY85.500.000, excluding VAT.

Based on these developments, all income and expenses arising from Pastavilla are classified under "Profit/(loss) for the period from discontinued operations" in the profit or loss and other comprehensive income statement for the period 1 January - 31 December 2021. The assets of Pastavilla business line for the period 1 January - 31 December 2021 are classified under "Assets as held for sales" (Note 15).

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

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

NOTE 3 - SEGMENT REPORTING (Continued)

With the public announcement made on 6 January 2021 and the decision of the board of directors, the decision to focus on the tomato paste and canned products business line, which has a higher share in the total profitability and the sale of the production facilities and all other related assets and liabilities given in milk and milk product segment.

Based on the decision to sell the production facilities of the milk and milk product business line and all other related assets and liabilities, all related income and expense are classified under "Profit/(loss) for the period from discontinued operations" the statement of profit or loss and other comprehensive income for the period from 1 January to 31 December 2021 and from 1 January to 31 December 2022. The assets of the SEK business line for the period between 1 January - 31 December 2021 are classified under "Assets as held for sales", and liabilities under "Liabilities as held for sales" (Note 15).

The domestic marketing and sales activities of the company are carried out by Düzey, a Koç Group company. The amount of sales to Düzey is TRY1,618,485,457 for the period ending on 31 December 2022 (31 December 2021: TRY835,440,865).

a) Revenue segmental analysis for the year ended 1 January - 31 December 2022 and 2021

	31 December 2022	31 December 2021
Tomato pasta and canned products	2,786,598,384	1,091,763,568
Discontinued Operations (*)	-	186,049,310
- <i>Milk and milk products</i>	-	186,049,310
	2,786,598,384	1,277,812,878

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

b) Segment assets

Assets used in the main activities of a segment and that can be directly associated with that segment or can be allocated reasonably to that segment are defined as segment assets. In line with the company's sales network and organizational structure, tangible and intangible fixed assets are defined as segment assets.

As at 31 December, the recorded amounts of the segment assets according to industrial segments are as follows:

	31 December 2022	31 December 2021
Tomato pasta and canned products	415,119,255	225,564,933
Discontinued operations	-	-
- <i>Milk and milk products</i>	-	-
Assets that cannot be allocated to segments	16,873,924	12,599,361
	431,993,179	238,164,294

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

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

NOTE 3 - SEGMENT REPORTING (Continued)**c) Segment liabilities**

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

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

d) Depreciation and amortization and capital expenditures

The depreciation and amortization of the industrial segment assets for the years ended 31 December are as follows:

Depreciation and amortization	31 December 2022	31 December 2021
Tomato paste and canned products	26,828,343	12,731,369
Discontinued operations	-	1,988,112
- <i>Milk and milk products</i>	-	1,988,112
Depreciation and amortization charges that cannot be allocated to segments	7,185,277	7,159,518
	34,013,620	21,878,999

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

Investment expenditures	31 December 2022	31 December 2021
Tomato pasta and canned products	205,004,602	130,734,914
Discontinued operations	-	306,028
- <i>Milk and milk products</i>	-	306,028
Investment expenditures that cannot be allocated to segments	12,831,030	3,216,822
	217,835,632	134,257,764

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

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

NOTE 4 - CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents as of 31 December are as follows:

	31 December 2022	31 December 2021
Banks	287,657,658	106,046,019
- <i>Time deposit - TRY</i>	208,798,300	43,700,000
- <i>Time deposit - foreign currency</i>	-	54,516,335
- <i>Demand deposit - TRY</i>	40,580,202	7,829,684
- <i>Demand deposit foreign currency</i>	38,279,156	-
	287,657,658	106,046,019

The maturity of time deposits varies between 2 January 2023 and 27 January 2023, with interest rates of TRY 21,00%, USD 2,60%. (31 December 2021: The maturity of time deposits varies between 3 January 2022 and 28 January 2022, with interest rates of TRY 26,00%, USD 1,10%).

As of 31 December 2022, there is no blockage on cash and cash equivalents. (2021: None)

Explanations on the nature and level of risks in cash and cash equivalents are disclosed in Note 29.

NOTE 5 - FINANCIAL ASSETS

As of 31 December, the details of financial investments are as follows:

	%	31 December 2022	%	31 December 2021
<u>Fair value change reflected in other comprehensive income - equity instruments</u>				
Ram Dış Ticaret A.Ş.	7,5	8,182,500	7,5	4,570,575
Düzey	1,1	544,641	1,1	544,641
Yapı Kredi Portföy Yönetimi A.Ş.	0,1	282,389	0,1	-
Others		7,733		7,733
		9,017,263		5,122,949

TAT GIDA SANAYİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

NOTE 6 - FINANCIAL BORROWINGS

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

	31 December 2022	31 December 2021
Short-term loans	839,821,956	92,401,001
Short term portions of long-term loans	173,376,000	145,244,849
Short-term portions of long-term issued bonds	235,531,507	1,900,000
Short-term issued bonds	1,073,203,507	-
Short-term leasing liabilities	8,751,196	5,618,972
Total short-term borrowings	2,330,684,166	245,164,822
Long-term loans	149,781,000	110,000,000
Long-term issued bonds	-	50,000,000
Long-term leasing liabilities	29,313,818	22,096,945
Total long-term financial borrowings	179,094,818	182,096,945
	2,509,778,984	427,261,767

The Company does not have any pledges or mortgages given for its financial liabilities (31 December 2021: None).

The Company has local currency unsecured loans with fixed interest rates. The details of financial liabilities as at 31 December are as follows:

	The weighted average interest rate	Original amount	31 December 2022 Net book value (TRY)
Short term financial borrowings			
TRY borrowings	19.10%	1,013,197,956	1,013,197,956
Bond issued and bills (*)	25.73%	1,308,735,014	1,308,735,014
			2,321,932,970
Long term financial borrowings			
EUR borrowings	6.31%	7,500,000	149,781,000
			149,781,000

* Includes coupon interest rates for issued bonds and bills.

TAT GIDA SANAYİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

NOTE 6 - FINANCIAL BORROWINGS (Continued)

	The weighted average interest rate	Original amount	31 December 2021 Net book value (TRY)
Short term financial borrowings			
TRY borrowings	10.02%	184,233,850	184,233,850
USD borrowings	1.15%	4,000,000	53,412,000
Bond issued		1,900,000	1,900,000
			239,545,850
Long term financial borrowings			
TRY borrowings	19.81%	110,000,000	110,000,000
Bond issued	19.00%	50,000,000	50,000,000
			160,000,000

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

	31 December 2022	31 December 2021
To be paid on demand or within 1 year	2,321,932,970	239,545,850
1-2 years	149,781,000	160,000,000
	2,471,713,970	399,545,850

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

	31 December 2022	31 December 2021
To be paid on demand or within 1 year	8,751,196	5,618,972
1-2 years	4,284,335	4,811,909
2-3 years	4,572,740	2,029,535
3-4 years	2,746,082	1,853,060
4-5 years	2,721,955	1,644,450
More than 5 years	14,988,706	11,757,991
	38,065,014	27,715,917

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

	31 December 2022	31 December 2021
Opening balance on 1 January	427,261,767	303,045,501
<i>Cash transactions</i>		
Cash inflows from credit debts used	2,424,908,289	255,412,950
Cash outflow related to loan debt repayments	(523,551,734)	(177,064,128)
Cash outflow due to leasing	(14,402,080)	(10,277,424)
<i>Non-cash transactions</i>		
Change in interest accrual	170,088,137	12,564,412
Change in foreign exchange	7,523,654	22,025,268
Impact of new lease agreements/contract changes	17,950,951	21,555,188
31 December closing balance	2,509,778,984	427,261,767

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

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

NOTE 6- FINANCIAL BORROWINGS (Continued)Bank loan agreement provisions

The company has signed a foreign currency loan agreement on 9 November 2022. The loan includes commitments on the Net Financial Debt/EBITDA ratio within 2 years. The Company will evaluate the terms of the contract with its 30 June 2023 financial statements..

NOTE 7 - TRADE RECEIVABLES AND PAYABLES**Trade receivables**

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

	31 December 2022	31 December 2021
Trade receivables from related parties (Note 28)	715,269,310	433,602,270
Trade receivables	131,464,775	43,142,200
Provisions for doubtful receivables	(2,752,707)	(2,861,871)
	843,981,378	473,882,599

Movement of provision for doubtful receivables as of 31 December 2021 and 31 December 2020 are as follows:
The nature and level of risk in trade receivables are given in Note 29.

	31 December 2022	31 December 2021
Opening balance	(2,861,871)	(2,861,871)
Provisions made during the year	109,164	-
	(2,752,707)	(2,861,871)

Trade Payables

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

	31 December 2022	31 December 2021
Suppliers	539,648,826	208,762,746
Trade payables to related parties (Note 28)	97,141,555	49,053,751
	636,790,381	257,816,497

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

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

NOTE 8 - OTHER RECEIVABLES AND PAYABLES

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

	31 December 2022	31 December 2021
Short term other receivables:		
Other receivables	1,426,048	2,875,061
	1,426,048	2,875,061
Long term other receivables:		
Deposits and guarantees given	68,085	68,085
	68,085	68,085
Payables to third parties:		
Taxes and funds payable	16,301,702	7,322,626
	16,301,702	7,322,626

NOTE 9 - INVENTORIES

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

	31 December 2022	31 December 2021
Raw material	291,949,725	61,566,164
Finished goods	2,098,154,639	568,003,230
- <i>Tomato paste and canned products</i>	<i>2,098,154,639</i>	<i>568,003,230</i>
Other inventory	1,928,770	117,047
Inventory impairment	-	(2,091,066)
	2,392,033,134	627,595,375

As at 31 December 2022, the provision for inventory impairment is not available. (31 December 2021: TRY2,091,066).

As at 31 December 2022, there are no assets pledged as collateral. (31 December 2021: None).

As at 31 December 2022, inventories are insured amounting to TRY1,733,954,181 (31 December 2021: TRY654,408,207).

TAT GIDA SANAYİ A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

NOTE 10 - PREPAID EXPENSES AND DEFERRED INCOME

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

	31 December 2022	31 December 2021
Short-term prepaid expenses		
Expenses related to future months	38,237,409	11,438,879
Advances given for the purchase of inventory	38,560,778	17,767,691
	76,798,187	29,206,570
	31 December 2022	31 December 2021
Short-term deferred income		
Advances received	53,998,834	6,505,824
	53,998,834	6,505,824

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

The movements of property, plant and equipment and depreciation as of 31 December 2022 and 31 December 2021 are as follows:

	1 January 2022	Additions	Disposals	Transfers	31 December 2022
Cost:					
Lands	2,419,338	-	-	-	2,419,338
Underground and overland plants	17,081,420	18,592,566	-	1,079,383	36,753,369
Buildings	43,417,558	12,675,450	-	483,301	56,576,309
Machinery and equipment	319,163,273	143,870,010	(28,558)	11,677,894	474,682,619
Vehicles	1,096,547	3,553,041	(208,651)	-	4,440,937
Furniture and fixtures	27,017,564	10,973,401	(71,766)	410,000	38,329,199
Special costs	10,212,051	362,139	-	-	10,574,190
Construction in progress	13,904,497	19,720,315	-	(14,618,944)	19,005,868
	434,312,248	209,746,922	(308,975)	(968,366)	642,781,829

TAT GIDA SANAYİ A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2022	Current year depreciation	Disposals	Transfers	31 December 2022
Accumulated depreciation:					
Underground and overland plants	3,621,855	1,142,792	-	-	4,764,647
Buildings	24,503,743	1,258,559	-	-	25,762,302
Machinery and equipment	149,024,691	17,756,198	(28,558)	-	166,752,331
Vehicles	599,490	366,908	(124,858)	-	841,540
Furniture and fixtures	17,798,950	2,026,896	(23,982)	-	19,801,864
Special costs	9,336,510	403,380	-	-	9,739,890
	204,885,239	22,954,733	(177,398)	-	227,662,574
Net book value	229,427,009				415,119,255

As at 31 December 2021, tangible assets are insured amounting to TRY2,599,813,000 (2021: TRY873,586,241).

As of 2021 and 2020 December, there are no guaranties, hypotecs and and mortgageges on fixed assets

	1 January 2021	Additions	Disposals	Transfers	31 December2021
Cost:					
Lands	2,419,338	-	-	-	2,419,338
Underground and overland plants	11,066,660	6,014,760	-	-	17,081,420
Buildings	33,101,697	10,315,861	-	-	43,417,558
Machinery and equipment	202,587,763	116,921,569	(346,059)	-	319,163,273
Vehicles	815,265	281,282	-	-	1,096,547
Furniture and fixtures	23,074,796	4,007,888	(65,120)	-	27,017,564
Special costs	10,006,392	205,659	-	-	10,212,051
Construction in progress	-	13,904,497	-	-	13,904,497
	283,071,911	151,651,516	(411,179)	-	434,312,248
	1 January 2021	Current year depreciation	Disposals	Transfers	31 December2021
Accumulated depreciation:					
Underground and overland plants	3,262,605	359,250	-	-	3,621,855
Buildings	23,733,799	769,944	-	-	24,503,743
Machinery and equipment	139,921,915	9,230,144	(127,368)	-	149,024,691
Vehicles	536,184	63,306	-	-	599,490
Furniture and fixtures	16,592,083	1,226,261	(19,394)	-	17,798,950
Special costs	8,995,234	341,276	-	-	9,336,510
	193,041,820	11,990,181	(146,762)	-	204,885,239
Net book value	90,030,091				229,427,009

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

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

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

For the year ended 31 December 2021, depreciation expenses amounting to TRY21,638,361 (2021: TRY11,055,180) has been recognized under cost of sales, TRY1,261,535 (2021: TRY865,956) has been recognized under general administrative expenses, TRY54,837 (2021: TRY54,981) has been recognized under research and development expenses and TRY0 (2021: TRY14,064) has been recognized under selling, marketing and distribution expenses.

The estimated useful lives of tangible assets are as follows:

Underground and overland plants	5 - 30 years
Buildings	10 - 50 years
Machinery, plant and equipment	3 - 20 years
Furniture and fixtures	3 - 15 years
Vehicles	4 - 10 years
Special costs	4 - 6 years

NOTE 12 - INTANGIBLE ASSETS

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

Costs:	1 January 2022	Additions	Disposals	Transfers	31 December 2022
Rights	12,678,854	5,968,732	-	968,366	19,615,952
Other intangible assets	2,625,892	3,205,910	-	-	5,831,802
	15,304,746	9,174,642	-	968,366	25,447,754
Accumulated depreciation:					
Rights	5,919,396	1,622,495	-	-	7,541,891
Other intangible assets	648,065	383,874	-	-	1,031,939
	6,567,461	2,006,369	-	-	8,573,830
Net book value	8,737,285			968,366	16,873,924
Costs:	1 January 2021	Additions	Disposals	Transfers	31 December 2021
Rights	9,849,787	2,829,067	-	-	12,678,854
Other intangible assets	1,709,220	977,872	(61,200)	-	2,625,892
	11,559,007	3,806,939	(61,200)	-	15,304,746
Accumulated depreciation:					
Rights	4,140,949	1,778,447	-	-	5,919,396
Other intangible assets	298,499	349,566	-	-	648,065
	4,439,448	2,128,013	-	-	6,567,461
Net book value	7,119,559				8,737,285

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

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

NOTE 12 - INTANGIBLE ASSETS (Continued)

As of 31 December 2022, all of the amortization expenses amounting to TRY2,006,369 (2021: TRY2,128,013) have been included in general administrative expenses. With the approval granted by the Ministry of Science, Industry and Technology as of October 6, 2017, the Company's R & D Center started its activities to benefit from incentives and exemptions under the scope of No. 5746. As of 31 December 2021, there is no arrears were capitalized in intangible assets (2021: None).

The estimated useful lives of intangible assets are as follows:

Rights	3 - 15 years
Computer software	5 years
Other intangible assets	5 - 10 years

Right of use assets

Right of use assets as of 31 December 2022 are as follows:

Costs:	1 December 2022	Additions	Disposals (-)	Transfers	31 December 2022
Buildings	26,522,566	9,547,126	-	-	36,069,692
Machinery and equipment	49,566	-	-	-	49,566
Vehicles	7,754,794	8,256,700	(669,484)	-	15,342,010
Furniture and fixtures	3,762,441	147,125	-	-	3,909,566
	38,089,367	17,950,951	(669,484)	-	55,370,834
Accumulated depreciation:	1 December 2022	Additions	Disposals (-)	Transfers	31 December 2022
Buildings	6,177,174	5,364,937	-	-	11,542,111
Machinery and equipment	49,566	-	-	-	49,566
Vehicles	4,323,608	2,857,467	(431,430)	-	6,749,645
Furniture and fixtures	2,057,322	830,114	-	-	2,887,436
	12,607,670	9,052,518	(431,430)	-	21,228,758
Net book value	25,481,697				34,142,076

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

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

NOTE 12 - INTANGIBLE ASSETS (Continued)

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

Costs:	1 December 2021	Additions	Disposals (-)	Transfers	31 December 2021
Buildings	11,143,825	17,945,117	(2,566,376)	-	26,522,566
Machinery and equipment	49,566	-	-	-	49,566
Vehicles	5,811,099	2,349,790	(406,095)	-	7,754,794
Furniture and fixtures	2,843,163	1,260,281	(341,003)	-	3,762,441
	19,847,653	21,555,188	(3,313,474)	-	38,089,367
Accumulated depreciation:	1 January 2021	Current year depreciation	Disposals (-)	Transfers	31 December 2021
Buildings	4,703,781	3,428,636	(1,955,243)	-	6,177,174
Machinery and equipment	49,566	-	-	-	49,566
Vehicles	3,018,940	1,440,867	(136,199)	-	4,323,608
Furniture and fixtures	1,353,050	903,190	(198,918)	-	2,057,322
	9,125,337	5,772,693	(2,290,360)	-	12,607,670
Net book value	10,722,316				25,481,697

NOTE 13 - GOVERNMENT INCENTIVES AND GRANTS

There are government incentives that allow the company to pay reduced corporate tax for its various investments. Such incentives are evaluated within the scope of TMS 12 “Income Taxes” standard; Deferred tax assets are recognized on the condition that it is highly probable to benefit from this advantage by obtaining taxable profit in the future over the amount of tax advantage.

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

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

NOTE 14 - COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

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

	31 December 2022	31 December 2021
Provisions		
Provisions for lawsuits	5,641,000	4,641,000
Provision for sales expenses	4,763,954	4,407,670
Provision for other administrative expenses	584,616	295,551
Shipping allowance	160,578	274,102
Other provisions	2,978,976	2,794,201
	14,129,124	12,412,524

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

	1 January - 31 December 2022	1 January - 31 December 2021
<u>Provisions for lawsuits</u>		
Opening balance	4,641,000	4,641,000
Additions during the period	1,000,000	-
	5,641,000	4,641,000

NOTE 15 - ASSETS CLASSIFIED AS HELD FOR SALE

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

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

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

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

NOTE 15 - ASSETS CLASSIFIED AS HELD FOR SALE (Continued)

	1 January - 31 December 2021		
	Milk and milk products	Pasta and bakery products	Total
Sales revenues	186,049,310	-	186,049,310
Cost of sales	(171,631,288)	-	(171,631,288)
Gross operating profit	14,418,022	-	14,418,022
Marketing expenses (-)	(11,316,273)	202	(11,316,071)
General and administrative expenses (-)	(2,563,177)	122	(2,563,055)
Research and development expenses (-)	(86,866)	-	(86,866)
Operating profit	451,706	324	452,030
Other income from operating activities	12,803,536	-	12,803,536
Other expenses from operating activities (-)	(9,886,153)	(249,862)	(10,136,015)
Real operating profit	3,369,089	(249,538)	3,119,551
Other income from investment activities (*)	-	-	-
Other expenses from investment activities (-)	(605,581)	-	(605,581)
Financing expenses. net	(103,395)	-	(103,395)
Discontinued operating profit before tax	2,660,113	(249,538)	2,410,575
Tax expense	(5,888,515)	-	(5,888,515)
Profit/(loss) from discontinued operations	(3,228,402)	(249,538)	(3,477,940)
Income from the sale of non-current assets held for sale	182,128,321	-	182,128,321
Minus: Net asset value of non-current assets held for sales as at disposal date	113,086,597	-	113,086,597
Gain on sales of non-current assets held for sale	69,041,724	-	69,041,724
Profit/(loss) for the period from discontinued operations	65,813,322	(249,538)	65,563,784

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

NOTE 16 - DERIVATIVE INSTRUMENTS

Receivables from derivative instruments for the periods of 31 December 2022 and 31 December 2021 are as follows:

	31 December 2022	31 December 2021
Short term derivative instruments	-	9,063,664
Total derivative instruments receivables (*)	-	9,063,664

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

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

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

NOTE 17 - COMMITMENTS AND CONTINGENCIES

The details of the guarantees, pledges, mortgages and bails (“TPMB”) given by the Company on behalf of the related parties, main shareholder or third parties in the scope of commercial activities or for other purposes are as follows:

	31 December 2022	31 December 2021
A. Total amount of TPMB given on behalf of own legal entity	195,636,780	98,624,653
B. Total amount of TPMBs given in favor of joint ventures	-	-
C. Total amount of TPMB's given to third parties for the purpose of carrying out ordinary commercial activities	-	-
D. Total amount of other TPMBs given	-	-
i) Total amount of TPMB given on behalf of main partner	-	-
ii) Total amount of TPMBs given in favor of other group companies not in the scope of clauses B and C.	-	-
iii) Total amount of TPMB's given in favor of third parties not covered by clause C.	-	-
	195,636,780	98,624,653

The Company has miscellaneous guarantee letters given to tax authorities (related to VAT return receivables), T. İhracat Kredi Bankası A.Ş. and customs which are amounting to TRY195,636,780. (31 December 2021: TRY98,624,653).

The ratio of other TPMB given to the shareholders' equity is 0% as of 31 December 2022. (31 December 2021: 0%).

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

NOTE 18 - EMPLOYEE BENEFITS**Short-term employee benefits:**

	31 December 2022	31 December 2021
Payables related to employee benefit:		
Due to personnel	19,199,673	2,429,354
Social security premium payable	4,959,966	2,046,409
	24,159,639	4,475,763
Short-term provisions for employment benefits:	31 December 2022	31 December 2021
Provision for unused vacation	3,172,433	1,747,433
	3,172,433	1,747,433

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

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

NOTE 18 – EMPLOYEE BENEFITS (Continued)**Long-term employee benefits****Severance pay liability:**

Under the Turkish Legislations, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service and reaches the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of full TRY 15,371.40 as of December 31, 2022 (December 31, 2021: full TRY 8,284.51) for each period of service.

The provision for employee termination benefits is not funded, as there is no funding requirement.

In accordance with Turkish Labor Code, employment termination benefit is the present value of the total estimated provision for the liabilities of the personnel who may retire in the future, the provision made for present value of determined social relief is calculated by the prescribed liability method. All actuarial gains and losses are accounted in equity as other comprehensive income or loss.

TFRS require actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans, The Group makes a calculation for the employment termination benefit by applying the prescribed liability method, by the experiences and by considering the personnel who become eligible for pension, this provision is calculated by expecting the present value of the future liability which will be paid for the retired personnel.

The provisions at the respective balance sheet dates are calculated assuming an annual inflation rate of 10.00% and interest rate of 10.60% and a discount rate of 0.55% resulting in a real discount rate of approximately (31 December 2021: 4.40%).

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 semi-annually, the maximum amount of full TRY 19,982.83 (January 1, 2022: full TRY 10,848.59) which is effective from January 1, 2023 has been taken into consideration in calculating the reserve for employment termination benefits of the Company.

The movement of employment termination provision as of 31 December is presented below:

	1 January - 31 December 2022	1 January - 31 December 2021
Opening balance	17,295,879	11,736,540
Service cost	9,162,478	3,221,503
Interest cost	1,833,363	2,313,205
Paid in the period	(5,485,287)	(2,553,410)
Actuarial gains	24,221,391	2,578,041
	47,027,824	17,295,879

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

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

NOTE 19 - OTHER ASSETS AND LIABILITIES

As at 31 December, other assets and liabilities are as follows:

	31 December 2022	31 December 2021
Other current assets		
VAT transferred	278,940,229	78,435,679
Income accruals	26,186,873	17,857,822
VAT receivables arising from exports	2,886,670	4,097,290
Others	3,085,256	755,793
	311,099,028	101,146,584
	31 December 2022	31 December 2021
Other non - current assets:		
Fixed asset advance paid	-	294,817
	-	294,817

NOTE 20 - EQUITY**a) Share capital and capital adjustment differences**

The Company's share capital of year 2022 consists of 13,600,000,000 number of shares and there is no preferred stock (2021: 13,600,000,000 number of shares).

As at 31 December 2022 and 2021, the shareholders and paid-in capital with the historical values are as follows:

	%	31 December 2022	%	31 December 2021
Koç Holding A.Ş.	43,7	59,364,947	43,7	59,364,947
Shares publicly open in stock exchange	41,4	56,312,844	41,4	56,312,844
Kagome Co. Ltd.	3,7	5,071,168	3,7	5,071,168
Temel Ticaret ve Yatırım A.Ş.	3,3	4,427,889	3,3	4,427,889
Sumitomo Corporation	1,5	2,077,983	1,5	2,077,983
Others	6,4	8,745,169	6,4	8,745,169
Total Share Capital	100	136,000,000	100	136,000,000
Capital Correction Differences		21,601,088		21,601,088
Adjusted Capital		157,601,088		157,601,088

TAT GIDA SANAYİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

NOTE 20 - EQUITY (Continued)

There are no privileges, rights or limitations between the shares representing the capital of the Company.

The Company has adopted the registered capital system in accordance with the provisions of the Capital Market Law (“CMB”) No: 6362 and passed to this system with the permission of the Capital Markets Board (“CMB”) dated 20 August 1992 and numbered 454. The registered capital ceiling of the Company is TRY250,000,000 and each Kuruş consists of 25,000,000,000 shares with a nominal value.

As of 31 December 2022, capital adjustment differences amounting to TRY21,601,088 consist of capital adjustment differences resulting from the restatement of the Company’s paid-in capital amount and that are not offset to the previous years’ losses or added to the share capital (31 December 2021: TRY21,601,088).

b) Share premium

These premiums related to the shares that have been canceled by not participating in the capital increase are positive differences on the shares sold above the nominal value. As at 31 December 2021, the share of the Company’s share in the financial statements is TRY10,107,809 (31 December 2020: TRY10,107,809).

c) Restricted reserves

Reserves reserved for specific purposes other than profit from previous periods, due to law or contractual obligations or other profit distribution.

These reserves are presented in the prepared in accordance with the Tax Procedure Law Company’s statutory records and the differences in preparing the financial statements in accordance with TFRS are associated with prior years’ profits.

As of 31 December 2022 and 2021, the Company’s details of restricted reserves are as follows:

	31 December 2022	31 December 2021
Legal reserves	38,030,659	33,064,538
Special reserves	80,727,424	39,397,246
Total	118,758,083	72,461,784

Legal Reserves

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code, are not distributable to shareholders. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions.

Such reserves can be used to take measures suitable for continuing the business or preventing unemployment and mitigating the results only when the losses are not going well, unless the Company’s capital exceeds half of the paid capital.

TAT GIDA SANAYİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

NOTE 20 - EQUITY (Continued)

Special Reserves

According to the article 5/1-e of Corporate Tax Law No: 5520, 75% of the earnings from the sale of the properties and participation shares that corporations have kept among their assets for at least two full years, and from the sales of founders’ shares, preference shares and preferred rights they have kept for same duration are exempted from corporate tax. This exception shall apply in the term the sale is made, and the part of the proceeds of the sale that benefited from the exception shall be kept in a special fund account of liabilities, until the end of the fifth year following the sale. However, the sale price must be collected until the end of the second calendar year following the year the sale is made.

d) Other comprehensive income or expenses not recognized in profit or loss

Defined benefit plans re-measurement gains/(losses):

As of 31 December 2022, actuarial loss amounting to TRY22,189,177 is recognized as other comprehensive income (31 December 2021: actuarial loss amounting to TRY2,812,064).

e) Accumulated other comprehensive income or expenses to be reclassified to profit or loss

Financial asset revaluation and classification gains:

As of 31 December 2022, it consists of revaluation and reclassification gains on financial assets amounting to TRY6,840,727 (31 December 2021: TRY3,409,399).

Losses related to cash flow hedging:

As of 31 December 2022, TRY3,910,800 (31 December 2021: None).

f) Dividend distribution

According to the decision taken at the Ordinary General Assembly meeting held on 17 March 2022, the Company allocated legal reserves in the amount of TRY4,966,121, special reserves in the amount of TRY41,080,179, and extraordinary reserves in the amount of TRY120,682,822 from the net profit for the year 2021, amounting to TRY223,190,334. The remaining net profit amounting to TRY56,460,212, TRY45,560,000 was distributed as dividend, TRY10,901,212 was distributed as usufruct.

As of 31 December 2022, the total amount of resources that can be subject to profit distribution without incurring additional corporate tax burden in Tat Gıda’s legal records is TL 877 million.

TAT GIDA SANAYİ A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

NOTE 21 - SALES AND COST OF SALES

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

	31 December 2022	31 December 2021
Domestic sales	1,818,954,908	751,081,410
Foreign sales	967,643,476	340,682,158
Net sales	2,786,598,384	1,091,763,568
Raw material costs	(2,856,575,934)	(827,177,860)
General production expenses	(503,800,412)	(104,720,001)
Labor costs	(116,528,027)	(66,774,570)
Depreciation costs	(22,478,780)	(11,223,134)
Change in inventory	1,530,151,409	237,065,226
Cost of sales	(1,969,231,744)	(772,830,339)
Gross profit	817,366,640	318,933,229

NOTE 22 - EXPENSES BY NATURE

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

	31 December 2022	31 December 2021
Research and development expenses:		
Personnel expenses	(3,555,219)	(1,264,508)
Depreciation expenses	(404,834)	(377,339)
Other	(130,134)	(138,933)
	(4,090,187)	(1,780,780)

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

	31 December 2022	31 December 2021
Marketing, sales and distribution expenses:		
Shipping and insurance expenses	(74,202,367)	(23,721,113)
Advertising expenses	(46,760,516)	(29,898,333)
Personnel expenses	(43,161,308)	(18,741,386)
Export expenses	(25,516,360)	(11,604,266)
Action, sale, incentive and gondola participation costs	(16,059,320)	(7,110,891)
Sales support expenses	(10,982,016)	(5,756,503)
Subcontracting expenses	(7,698,388)	(4,434,233)
Other	(9,412,550)	(1,835,088)
	(233,792,825)	(103,101,813)

TAT GIDA SANAYİ A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

NOTE 22 - EXPENSES BY NATURE (Continued)

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

	31 December 2022	31 December 2021
General and administrative expenses:		
Personnel expenses	(70,775,272)	(30,594,004)
Consultancy and lawsuit expenses	(54,327,860)	(15,031,147)
Information technology expenses	(17,284,944)	(8,611,201)
Administrative expenses	(13,078,509)	(4,745,893)
Depreciation and amortization	(11,130,007)	(8,290,414)
Severance expense	(10,995,840)	(6,092,727)
Transport, travel expenses	(5,173,668)	(1,223,555)
Tax and duties expenses	(2,455,013)	(1,885,088)
Repair and maintenance expenses	(1,384,959)	(1,558,909)
Other	(8,465,537)	(5,004,431)
	(195,071,609)	(83,037,369)

NOTE 23 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

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

	31 December 2022	31 December 2021
Other Operating Income		
Term differences interest income from trading activities	214,977,936	35,584,396
Foreign exchange gain on trading activities	34,168,815	27,548,404
Others	11,240,337	7,891,274
	260,387,088	71,024,074

As at 31 December, details of other expenses and losses from operating activities are as follows:

	31 December 2022	31 December 2021
Other Operating Expense		
Term differences interest expense of trading activities	(144,578,547)	(16,508,611)
Foreign exchange loss on trading activities	(22,063,643)	(33,339,140)
Expenses due from provisions of lawsuit and others	(1,254,792)	(3,639,666)
Others	(11,774,996)	(10,400,025)
	(179,671,978)	(63,887,442)

TAT GIDA SANAYİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

NOTE 24 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES

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

	31 December 2022	31 December 2021
Income from Investing Activities		
Dividend income	1,874,997	1,499,998
Rent income	747,986	640,372
Gain on sale of property, plant and equipment	303,157	109,015
	2,926,140	2,249,385

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

	31 December 2022	31 December 2021
Expenses from Investing Activities		
Loss on sale of property, plant and equipment	-	(205,051)
	-	(205,051)

NOTE 25 - FINANCIAL INCOME AND EXPENSES

As at 31 December, financial incomes are as follows:

	31 December 2022	31 December 2021
Foreign exchange gains	53,664,228	145,768,113
Interest income on bank deposits	22,527,649	15,867,768
Other	-	49,458
	76,191,877	161,685,339

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

	31 December 2022	31 December 2021
Bond interest expense	(106,835,014)	(8,153,224)
Bank loans interest expenses	(96,652,408)	(26,590,936)
Foreign exchange expenses	(33,920,255)	(107,794,842)
Leasing liabilities interest expenses	(6,671,973)	(3,519,321)
Derivatives interest expense	-	(531,430)
Other	(10,117,444)	(991,818)
	(254,197,094)	(147,581,571)

TAT GIDA SANAYİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

NOTE 26 - TAX ASSESTS AND LIABILITIES

	1 January - 31 December 2022	1 January - 31 December 2021
Current tax expense	(16,990,893)	(20,649,966)
Discontinued operations tax expense	-	12,271,203
Deferred tax income	22,701,923	19,105,972
Discontinued operations deferred tax expense	-	(6,382,688)
Other	(496,613)	(1,015,972)
Total tax expense	5,214,417	3,328,549

	31 December 2022	31 December 2021
<u>Current tax (asset)/liability</u>		
Prepaid taxes and funds (-)	(18,973,496)	(14,583,779)
Current corporate tax provision	16,990,893	20,649,966
	(1,982,603)	6,066,187

Corporate Tax

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

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

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

According to the amendment, deferred tax assets and liabilities included in the financial statements as at 31 December 2021 are calculated at the rate of 20%

Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. However, losses occurred cannot be deducted from the profit occurred in the prior years retroactively.

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

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

NOTE 26 - TAX ASSESTS AND LIABILITIES (Continued)

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

Income Withholding Tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are Turkish residents and Turkish branches of foreign companies. Income withholding tax applied in between 24 April 2003 – 22 July 2006 is 10% and commencing from 22 July 2006, this rate has been changed to 15% upon the Council of Ministers' Resolution No: 2006/10731. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

Withholding tax at the rate of 19,8% is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, the investments without investment incentive certificates do not qualify for tax allowance.

Investment Incentive Certificate dated 03.05.2018 and numbered 136922 has been obtained for the modernization investment of İzmir Torbalı Canned Plant. 50% Tax Reduction, VAT and Customs Duty Exemption and Insurance Premium Employer Share support is applied for the investments made within the scope of the document.

Investment Incentive Certificate dated 24.04.2018 and numbered 136771 has been obtained for the modernization investment of our Bursa Karacabey Canned Plant. VAT and Customs Duty Exemption are applied for investments made under the document.

Investment Incentive Certificate dated 26.03.2020 and numbered 509964 has been obtained for the modernization investment of Bursa Mustafakemalpaşa Canned Plant. 50% Tax Reduction, VAT and Customs Duty Exemption and Insurance Premium Employer's Share support is applied for the investments made under the document.

Investment Incentive Certificate dated 11.03.2021 and numbered 521238 has been obtained for the modernization investment of Bursa Karacabey Canned Plant. 50% Tax Reduction, VAT and Customs Duty Exemption and Insurance Premium Employer Share support is applied for the investments made within the scope of the document.

Investment Incentive Certificate dated 10.03.2021 and numbered 521171 has been obtained for the modernization investment of İzmir Torbalı Canned Plant. 50% Tax Reduction, VAT and Customs Duty Exemption and Insurance Premium Employer Share support is applied for the investments made within the scope of the document.

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

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

NOTE 26 - TAX ASSESTS AND LIABILITIES (Continued)Deferred Tax:

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TFRS and tax purposes and they are given below.

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

	31 December 2022	31 December 2021
Deferred tax assets/(liabilities):		
Difference between tax base and carrying value of inventories	23,939,837	1,558,274
Maturity difference	15,762,956	7,914,230
Severance pay liability	9,405,564	3,459,176
Provision for litigation expenses	1,128,200	928,200
Sales expense provisions	952,791	881,534
Right of use assets and liabilities, net	784,588	446,844
Provision for unused vacation	634,487	349,487
Difference between tax base and carry value of property, plant and equipment	(4,751,434)	5,894,497
Derivative instruments	-	(2,084,643)
Other	(625,392)	(455,723)
	47,231,597	18,891,876

There is no carry forward tax losses have been recognized as of 31 December 2022 (31 December 2021: None).

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

	31 December 2022	31 December 2021
Deferred tax assets movements:		
Opening balance as of 1 January	18,891,876	4,974,330
Deferred tax income	22,701,923	12,723,284
Recognized directly in equity	5,637,798	292,764
Discontinued operations disposal from sales	-	901,498
	47,231,597	18,891,876

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

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

NOTE 26 - TAX ASSESTS AND LIABILITIES (Continued)

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

	31 December 2022	31 December 2021
The reconciliation of tax:		
Period profit from continuing operations	290,048,052	154,298,001
Period profit from discontinued operations	-	71,452,298
Effective tax rate	23%	25%
Current period tax expense	(66,711,052)	(56,437,575)
Tax effect:		
- Tax effect of nondeductible expenses	(5,116,320)	12,123,155
- Tax effect of government incentives and grants	69,378,837	39,673,791
- Other	7,662,952	2,080,663
Tax provision expense on income statement	5,214,417	(2,559,966)
Continuing activities tax expense	5,214,417	3,328,549
Discontinued operations tax expense	-	(5,888,515)

NOTE 27 - EARNINGS PER SHARE

As at 31 December, earnings/(loss) calculation of per common and diluted share of main companies stakeholders is as follow:

	31 December 2022	31 December 2021
Net profit of the period for continuing operations	295,262,469	157,626,550
Net profit of the period for discontinued operations	-	65,563,784
Average number of shares available during the period	136,000,000	136,000,000
Earnings per common and diluted share due from continuing operations	2.17	1.16
Earnings per common and diluted share due from discontinued operations	-	0.48
Earnings per common and diluted share	2.17	1.64

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

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

NOTE 28 - RELATED PARTY TRANSACTIONS**i) As at 31 December, the details of receivables and payables from related parties are as follows:****a) Bank deposits:**

	31 December 2022	31 December 2021
Yapı ve Kredi Bankası A.Ş.		
Time Deposits	75,314,530	7,822,690
Current Deposits	-	6,802,835
	75,314,530	14,625,525

b) Receivables from related parties:

	31 December 2022	31 December 2021
Düzey (*)	621,189,201	408,572,926
Ram Dış Ticaret A.Ş. (**)	94,001,613	24,063,916
Other	78,496	965,428
	715,269,310	433,602,270

(*) Domestic sales and marketing activities of the Company are operated by Düzey which is a member of Koç Group.

(**) The Company carries out some of its export activities abroad through Ram Dış Ticaret, a Koç Group company.

c) Payables to related parties:

	31 December 2022	31 December 2021
Zer Merkezi Hizmetler ve Ticaret A.Ş. (*)	50,305,953	19,337,955
Yapı Kredi Bankası A.Ş.	13,819,627	15,122,654
Koç Sistem A.Ş.	12,018,643	4,057,654
Ram Dış Ticaret A.Ş.	5,950,173	2,860,469
Eltek Elektrik Enerjisi İthalat İhracat	4,032,308	-
Ark İnşaat San ve Tic. A.Ş.	3,868,000	-
Ingage Dijital Pazarlama A.Ş.	1,753,780	2,792,808
Koç Digital Çözümler A.Ş.	1,698,734	1,015,964
Otokoç Otomotiv Tic.ve San.A.Ş.	1,239,041	1,002,904
Setur Servis Turistik A.Ş	928,516	465,222
Koç Holding Emekli ve Yardım Sandığı	443,651	24,709
Ram Sigorta Aracılık Hizmetleri A.Ş.	120,180	1,395,871
Others	962,949	977,541
	97,141,555	49,053,751
Other Payables		
Koç Holding A.Ş.	27,915,166	11,724,613
Total trade and other payables	125.056.721	60.778.364

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

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

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

NOTE 28 - RELATED PARTY TRANSACTIONS (Continued)**c) Payables to related parties: (Continued)**

	31 December 2022	31 December 2021
Leasing borrowings		
Otokoç Otomotiv Tic.ve San.A.Ş.	8,627,804	3,368,008
Temel Ticaret Yatırım A.Ş.	3,175,112	4,987,550
Total leasing borrowings	11,802,916	8,355,558
Finansal borçlar	31 December 2022	31 December 2021
Yapı ve Kredi Bankası A.Ş.	20,000,000	21,589,001
Total financial liabilities	20,000,000	21,589,001

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

a) Net sales to related parties:

	31 December 2022	31 December 2021
Düzey (*)	1,618,485,457	835,440,865
Ram Dış Ticaret A.Ş.	246,309,826	109,707,611
Zer Merkezi Hizmetler ve Ticaret A.Ş.	344,568	1,113,971
	1,865,139,851	946,262,447

(*) Domestic sales and marketing activities of the Company are operated by Düzey, which is a member of Koç Group. Average maturity for the sales to Düzey is 90 days (2021: 100 days).

b) Purchases from related parties:

	31 December 2022	31 December 2021
Zer Merkezi Hizmetler ve Ticaret A.Ş. (*)	115,929,116	46,317,225
Eltek Elektrik Enerjisi İthalat İhracat ve Toptan Ticaret A.Ş.	86,939,464	-
Koç Sistem A.Ş.	6,517,151	2,287,989
Ark İnşaat San ve Tic. A.Ş.	5,980,893	-
Opet Petrolcülük A.Ş.	3,776,512	977,633
Koç Digital Çözümler A.Ş.	1,882,307	998,000
Opet Fuchs Madeni Yağ. San ve Tic. A.Ş.	38,463	30,733
Others	1,118,012	235,921
	222,181,918	50,847,501

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

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

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

NOTE 28 - RELATED PARTY TRANSACTIONS (Continued)

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

c) Service purchases from related parties:

	31 December 2022	31 December 2021
Zer Merkezi Hizmetler ve Ticaret A.Ş. (**)	93,284,297	46,907,903
Düzey	24,570,802	15,993,725
Koç Holding A.Ş. (**)	53,088,000	14,422,563
Koç Sistem A.Ş.	13,749,241	6,169,897
Ingage Dijital Pazarlama A.Ş.	7,636,873	5,288,880
Otokoç Otomotiv Tic. ve San. A.Ş.	6,282,832	2,907,145
Setur Servis Turistik A.Ş.	5,486,994	1,107,495
Ram Dış Ticaret A.Ş.	4,622,589	3,949,879
Temel Ticaret ve Yatırım A.Ş.	3,366,636	2,814,912
Ram Sigorta Aracılık Hizmetleri A.Ş. (*)	1,548,043	1,945,919
Others	2,061,887	406,919
	215,698,194	101,915,237

(*) Amount represents accrued premium amount as at 31 December, which has been resulted from insurance policies signed with third party insurance companies with the intermediary of Ram Sigorta Aracılık Hizmetleri A.Ş.

(**) The amount contains finance, legal consultancy, planning, tax consultancy, senior management service costs invoiced by the Company's parent company "Koç Holding A.Ş." regarding their related services according to the distribution described in Regulation No:11 "Intra Group Services" of "General Communiqué No:1 related to Disguised Profit Distribution via Transfer Pricing".

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

iii) As at 31 December, the details of financial income and expenses from/to related parties are as follows:

a) Interest income:

	31 December 2022	31 December 2021
Yapı ve Kredi Bankası A.Ş.	992,444	145,877
	992,444	145,877

b) Interest expense:

	31 December 2022	31 December 2021
Yapı ve Kredi Bankası A.Ş.	3,913,611	1,592,250
	3,913,611	1,592,250

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

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

NOTE 28 - RELATED PARTY TRANSACTIONS (Continued)

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

a) Rental payments:

	31 December 2022	31 December 2021
Otokoç Otomotiv Tic.Ve San.A.Ş.	4,219,000	2,416,026
Temel Ticaret ve Yatırım A.Ş.	3,366,636	2,814,912
Zer Merkezi Hiz.Ve Tic.A.Ş.	-	181,542
	7,585,636	5,412,480

b) Payments to key management:

Senior executives of Tat Gıda are determined as the Chairman and Members of the Board of Directors, General Manager, Assistant General Managers and Directors directly affiliated with the General Manager. In 2022, the total of benefits provided to Tat Gıda's senior executives is TRY34,202,089. (31 December 2021: TRY16,587,803). All of this amount consists of short-term benefits. (December 31, 2021: TL 2,791,928 consists of payments made due to leaving).

NOTE 29 - NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS**a) Capital Risk Management**

The company aims to increase its profits by using the debt and equity balance in the most efficient way while trying to ensure the continuity of its activities in capital management the Company's capital risk consists of short-term and long-term financial liabilities disclosed in Note 6, cash and cash equivalents disclosed in Note 4 and equity items disclosed in Note 20.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or rearrange capital structure, the Company can return back capital to shareholders, issue new shares and sale assets in order to decrease debt requirement.

The Company controls its capital using the net debt/total capital ratio. This ratio is the calculated as net debt divided by the total capital amount. Net debt is calculated as total liability amount (comprises of financial liabilities, leasing, trade payables and payables to related parties as presented in the balance sheet) less cash and cash equivalents. Total capital is calculated as shareholders' equity plus the net debt amount as presented in the balance sheet.

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

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

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

As at 31 December the debt to equity ratio is as follows:

	31 December 2022	31 December 2021
Total Liabilities (Note 6)	2,509,778,984	427,261,767
Less: Cash and cash equivalents (Note 4)	(287,657,658)	(106,046,019)
Net Debt	2,222,121,326	321,215,748
Total Equity	1,104,156,149	885,210,477
Net Liability/Equity	2,0125	0,3629

b) Financial Risk Factors

The risks of the Company, resulted from operations, include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's risk management program generally seeks to minimize the effects of uncertainty in financial market on financial performance of the Company. The Company uses derivative financial instruments in order to safeguard itself from different financial risks.

Risk management is implemented by finance department according to the policies approved by Board of Directors. The Company's finance department provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyses exposures by degree and magnitude of risks. The written procedures are formed by Board of Directors to manage the foreign currency risk, interest risk, credit risk, use of derivative and non-derivative financial instruments and the assessment of excess liquidity.

There are not any changes in financial risk factors and credit risk management of the Company as compared to previous year.

b.1) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company manages this risk by the credit limits up to the guarantees received from customers. The usage of credit limits are monitored by the Company according to the customer's credibility is evaluated continuously.

Trade receivables consist of many customers that operate in various industries and locations. Credit risk of the receivables from counterparties are evaluated perpetually.

TAT GIDA SANAYİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

b) Financial Risk Factors (Continued)

Trade Receivables						
31 December 2022	Related Party	Third Party	Related Party	Third Party	Deposit in Banks	Derivatives
Maximum credit risk exposure as of the reporting date (A+B+C+D+E)	715,269,310	128,712,068	-	1,494,133	287,657,658	-
- The portion of the maximum risk guaranteed by collateral	88,737,425	6,595,002	-	-	-	-
A. Net book value of financial assets not overdue or impaired	617,999,067	23,518,066	-	1,494,133	287,657,658	-
B. Conditions found in re-interviewed. otherwise, the carrying amount of financial assets overdue or impaired.	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	97,270,243	105,194,002	-	-	-	-
- Collateral, etc. secured part	-	46,686,898	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Overdue (gross book value)	-	2,752,707	-	-	-	-
- Impairment (-)	-	(2,752,707)	-	-	-	-
- Not overdue (gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
E. Off-balances sheet items with credit risk	-	-	-	-	-	-

Trade Receivables						
31 December 2021	Related Party	Third Party	Related Party	Third Party	Deposit in Banks	Derivatives
Maximum credit risk exposure as of the reporting date (A+B+C+D+E)	433,602,270	40,280,329	-	2,943,146	106,046,019	9,063,664
- The portion of the maximum risk guaranteed by collateral	-	1,733,043	-	-	-	-
A. Net book value of financial assets not overdue or impaired	320,093,772	35,910,948	-	2,943,146	106,046,019	9,063,664
B. Conditions found in re-interviewed. otherwise, the carrying amount of financial assets overdue or impaired.	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	113,508,498	2,636,338	-	-	-	-
- Collateral etc. secured part	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Overdue (gross book value)	-	2,861,871	-	-	-	-
- Impairment (-)	-	(2,861,871)	-	-	-	-
- Not overdue (gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
E. Off - balances sheet items with credit risk	-	-	-	-	-	-

TAT GIDA SANAYİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

31 December 2022	Trade Receivables	Other Receivables	Deposits in Banks	Others
Past due 1-30 days	186,157,990	-	-	-
Past due 1-3 months	2,963,185	-	-	-
Past due 3-12 months	13,343,070	-	-	-
Total past due receivables	202,464,245	-	-	-

31 December 2021	Trade Receivables	Other Receivables	Deposits in Banks	Others
Past due 1-30 days	89,447,904	-	-	-
Past due 1-3 months	26,268,396	-	-	-
Past due 3-12 months	428,536	-	-	-
Total past due receivables	116,144,836	-	-	-

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

	2022	2021
	Nominal Value	Nominal Value
The part under guarantee with collateral	6,595,002	1,733,043

b.2) Liquidity risk management

Liquidity risk management responsibility mainly belongs to the board of directors. The board of directors has built an appropriate liquidity risk management framework for the management of the Company's short, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profile of financial assets and liabilities.

The following table presents the maturity of Company's non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of non - derivative financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

TAT GIDA SANAYİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

b) Financial Risk Factors (Continued)

31 December 2022

Contractual maturity analysis	Carrying value	Total cash outflows in accordance with contract (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Bank borrowings and issued bonds	2,471,713,970	2,498,831,929	607,426,426	1,883,433,002	7,972,500	
Trade payables	539,648,826	539,648,826	539,648,826	-	-	-
Trade payables to related parties	97,141,555	97,141,555	97,141,555	-	-	-
				-	-	-
Derivative financial liabilities						
Derivative instruments liabilities	-	-	-	-	-	-
Total liabilities	3,108,504,351	3,135,622,310	1,244,216,807	1,883,433,002	7,972,500	-

31 December 2021

Contractual maturity analysis	Carrying value	Total cash outflows in accordance with contract (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Bank borrowings and issued bonds	307,144,849	442,355,099	132,229,703	108,755,798	201,369,598	-
Trade payables	208,762,746	208,762,746	208,762,746	-	-	-
Trade payables to related parties	49,053,751	49,053,751	49,053,751	-	-	-
Derivative financial liabilities						
Derivative instruments liabilities	-	-	-	-	-	-
Total liabilities	564,961,346	700,171,596	390,046,200	108,755,798	201,369,598	-

b.3) Market risk management

The Company's activities expose it to a variety of financial risks including foreign currency risk and interest rate risk as explained below. The Company uses derivative financial instruments to hedge certain risk exposures in order to manage foreign currency and interest rate risks. Market risk exposures are also measured by sensitivity analysis and stress scenarios.

There has been no change in the Company's exposure to market risks or the manner which it manages and measures the risk.

TAT GIDA SANAYİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

b.4) Foreign currency risk management

Transactions in foreign currencies cause foreign currency risk. Currency risk is managing by foreign currency purchase/sale contracts based on the approved policies.

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

31 December 2022	TRY Equivalent	USD	EUR	Others
1.Trade receivables	193,816,150	6,970,477	3,184,121	220
2.a Monetary financial assets	93,972,156	2,978,506	1,920,208	-
2.b Non - monetary financial assets	-	-	-	-
3. Other	-	-	-	-
4. CURRENT ASSETS	287,788,306	9,948,983	5,104,329	220
5. Trade receivables	-	-	-	-
6.a Monetary financial assets	-	-	-	-
6.b Non - monetary financial assets	-	-	-	-
7. Other	-	-	-	-
8. NON - CURRENT ASSETS	-	-	-	-
9. TOTAL ASSETS	287,788,306	9,948,983	5,104,329	220
10. Trade payables	101,373,054	3,685,169	1,619,488	-
11. Financial liabilities	149,511,750	7,981,622	-	-
12.a Other monetary liabilities	643,479	34,352	-	-
12.b Other non - monetary financial liabilities	11,055,261	591,244	-	-
13. CURRENT LIABILITIES	262,583,544	12,292,387	1,619,488	-
14. Trade payables	-	-	-	-
15. Financial liabilities	-	-	-	-
16.a Other monetary liabilities	1,243,931	66,407	-	-
16.b Other non - monetary liabilities	-	-	-	-
17. NON-CURRENT LIABILITIES	1,243,931	66,407	-	-
18. TOTAL LIABILITIES	263,827,475	12,358,794	1,619,488	-
19. Net asset/liability position of off - balance sheet derivatives (19a-19b)	-	-	-	-
19.a Off - balance sheet foreign currency derivative assets	-	-	-	-
19.b Off - balance sheet foreign currency derivative liabilities	-	-	-	-
20. Net foreign currency asset/liability position	23,960,831	(2,409,811)	3,484,841	220
21. Net foreign currency asset/liability position of non-monetary items (1+2a+6a-10-12a-12b-14-15-16b)	35,016,092	(1,818,566)	3,484,839	220
22. Fair value of foreign currency hedged financial assets	-	-	-	-
23. Hedged foreign currency assets	-	-	-	-
24. Hedged foreign currency liabilities	-	-	-	-

TAT GIDA SANAYİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

b) Financial Risk Factors (Continued)

31 Decamber 2021	TRY Equivalent	USD	EUR	Others
1. Trade receivables	93,341,335	4,618,087	2,069,232	31,668
2.a Monetary financial assets	62,324,585	1,335,809	2,950,916	-
2.b Non - monetary financial assets	-	-	-	-
3. Other	-	-	-	-
4. CURRENT ASSETS	155,665,920	5,953,896	5,020,148	31,668
5. Trade receivables	-	-	-	-
6.a Monetary financial assets	-	-	-	-
6.b Non - monetary financial assets	-	-	-	-
7. Other	-	-	-	-
8. NON-CURRENT ASSETS	-	-	-	-
9. TOTAL ASSETS	155,665,920	5,953,896	5,020,148	31,668
10. Trade payables	53,666,845	2,779,360	1,095,287	-
11. Financial liabilities	53,412,000	4,000,000	-	-
12.a Other monetary financial liabilities	342,530	25,652	-	-
12.b Other non - monetary financial liabilities	-	-	-	-
13. CURRENT LIABILITIES	107,421,375	6,805,012	1,095,287	-
14. Trade payables	-	-	-	-
15. Financial liabilities	-	-	-	-
16.a Other monetary liabilities	916,171	68,612	-	-
16.b Other monetary liabilities	-	-	-	-
17. NON-CURRENT LIABILITIES	916,171	68,612	-	-
18. TOTAL LIABILITIES	108,337,546	6,873,624	1,095,287	-
19. Net asset/liability position of off - balance sheet derivatives(19a-19b)	-	-	-	-
19.a Off - balance sheet foreign currency- derivative assets	-	-	-	-
19.b Off - balance sheet foreign currency derivative liabilities	-	-	-	-
20. Net foreign currency asset/liability position	47,328,374	(919,728)	3,924,861	31,668
21.Net foreign currency asset/liability position of non - monetary items (1+2a+6a-10-12a-12b-14-15-16b)	47,328,374	(919,728)	3,924,861	31,668
22. Fair value of foreign currency hedged financial assets	-	-	-	-
23. Hedged foreign currency assets	-	-	-	-
24. Hedged foreign currency liabilities	-	-	-	-

TAT GIDA SANAYİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

b) Financial Risk Factors (Continued)

Currency risk sensitivity

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

The following table details the Company's sensitivity to a 20% increase and decrease in the USD, GBP and EUR. 20% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis only includes outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 20% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Company where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number indicates an increase in profit/loss and other equity.

	31 December 2022 Profit/Loss	
	Appreciation of foreign currency	Devaluation of foreign currency
In the case of appreciation of USD at 20% ratio compared to TRY		
1- USD net asset/liability	(6,800,819)	6,800,819
2- Part of hedged from USD risk (-)	-	-
3- USD net effect	(6,800,819)	6,800,819
In the case of appreciation of EUR at 20% ratio compared to TRY		
4- EUR net asset/liability	13,893,983	(13,893,983)
5- Part of hedged from EUR risk (-)	-	-
6- EUR net effect	13,893,983	(13,893,983)
In the case of appreciation of GBP at 20% ratio compared to TRY		
7- GBP net asset/liability	990	(990)
8- Part of hedged from GBP risk (-)	-	-
9- GBP net effect	990	(990)
TOTAL	7,094,154	(7,094,154)

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

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

NOTE 29 - NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (Continued)**b) Financial Risk Factors (Continued)**

	31 December 2021 Profit/Loss	
	Appreciation of foreign currency	Devaluation of foreign currency
In the case of appreciation of USD at 20% ratio compared to TRY		
1 - USD net asset/liability	(2,451,811)	2,451,811
2- Part of hedged from USD risk (-)	-	-
3- USD net effect	(2,451,811)	2,451,811
In the case of appreciation of EUR at 20% ratio compared to TRY		
4 - EUR net asset/liability	11,842,640	(11,842,640)
5 - Part of hedged from EUR risk (-)	-	-
6- EUR net effect	11,842,640	(11,842,640)
In the case of appreciation of GBP at 20% ratio compared to TRY		
7 - GBP net asset/liability	113,794	(113,794)
8 - Part of hedged from USD risk (-)	-	-
9 - GBP net effect	113,794	(113,794)
TOTAL	9,504,623	(9,504,623)

Interest rate risk management

Borrowing the Company at fixed interest rates exposes the Company to interest rate risk.

Interest-sensitive financial instruments are as follows:

	Interest Position Table	
	31 December 2022	31 December 2021
Fixed Rate Instruments		
Financial Assets	208,798,300	98,216,335
Financial Liabilities	2,509,778,984	427,261,767

TAT GIDA SANAYİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

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

NOTE 30 – HEDGE ACCOUNTING FOR HIGH PROBABILITY ESTIMATED TRADING CURRENCY RISK

The Company provides hedging against the foreign exchange risk on the balance sheet by borrowing in the same currency against the foreign currency risks arising from the foreign currency sales amounts that are highly probable to be realized in the future within the scope of the agreements it has made and the corporate budget.

In this context, repayments of foreign currency borrowings, which are subject to hedge accounting and determined as hedging instrument, are made with foreign currency sales cash flows that will be realized on close dates and determined as hedged item within the scope of hedge accounting.

Within the scope of the currency risk management strategy it has determined, the Company applies hedge accounting for the purpose of hedging the currency risk component of the highly probable estimated transaction cash flow risk, and the foreign exchange rate that has occurred on the hedging instrument, whose effectiveness has been mathematically proven in accordance with TFRS 9, has not yet been realized. It pulls the fluctuations from the income statement and parks it in the comprehensive income statement and aims to present a healthier income statement..

The Company pays attention to maintain a %100 hedging ratio and a hedging efficiency between %80 and %125 within the scope of the hedge accounting it has established, and as of 30 December 2022, the hedging efficiency has been calculated as %101.04.

USD	31 December 2022
The present value of the hedged item (current portion)	1,614,418
The present value of the hedged item (non-current portion)	6,007,084
Hedging instrument present value (current portion)	-
Hedging instrument present value (non-current portion)	7,500,000

TRY	31 December 2022
Cumulative exchange difference on the hedged item (current portion)	1,052,278
Cumulative exchange difference on the hedged item (non-current portion)	3,915,418
Cumulative exchange difference on the hedging instrument (current portion)	-
Cumulative exchange difference on the hedging instrument (non-current portion)	4,888,500
Hedging effectiveness rate	101,620%

TAT GIDA SANAYİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

NOTE 31 - FINANCIAL INSTRUMENTS

Financial instruments classification and fair value

	Book Value		Fair Value	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Financial Assets				
Cash and cash equivalents	287,657,658	106,046,019	287,657,658	106,046,019
Trade receivables	132,799,636	40,280,329	110,424,575	40,280,329
Receivables from related parties	715,269,310	433,602,270	715,269,310	433,602,270
Other financial assets	-	-	-	5,122,949
Financial Liabilities				
Loan and borrowings	2,509,778,984	427,261,767	2,509,778,984	427,261,767
Trade payables	539,648,826	208,762,746	539,648,826	208,762,746
Payables to related parties	97,141,555	49,053,751	97,141,555	49,053,751
Derivative instruments	-	-	-	-

Estimated fair values of financial instruments have been determined by the Company by using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data. Accordingly, estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current market exchange.

The following methods and assumptions are used to estimate the fair values of financial instruments:

Financial assets

Carrying values of cash and cash equivalents and trade receivables are assumed to reflect their fair values due to their short-term nature.

Financial liabilities

Fair values of short-term borrowings and trade payables are assumed to approximate their carrying values due to their short-term nature.

Bank borrowings are measured at their amortized cost. It is estimated that the borrowings’ fair values approximate to their carrying values.

The fair value of financial assets and financial liabilities are determined as follows:

- 1) First level: Financial assets and liabilities in active markets for identical assets and liabilities are valued at the quoted prices.
- 2) Second level: Financial assets and liabilities and the related assets or liabilities other than quoted prices in first level directly or indirectly observable market prices are used to determine valuation.
- 3) Third level: Financial assets and liabilities, assets or liabilities that are used in determining the fair value observed in the market valuation is based on the data.

TAT GIDA SANAYİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

NOTE 31 - FINANCIAL INSTRUMENTS (Continued)

Fair Value of Financial Instruments

The fair values of the financial assets and liabilities classification level are as follows:

31 December 2022	Level of fair value as of reporting date		
	1st Level TRY	2nd Level TRY	3rd Level TRY
Financial assets	-	-	-
Fair value change reflected in other comprehensive income - equity instruments	-	-	9,017,263
Derivative instruments	-	-	-
Total	-	-	9,017,263
Financial liabilities	-	-	-
Fair value change reflected in other comprehensive income - equity instruments	-	-	-
Total	-	-	-

31 December 2021	Level of fair value as of reporting date		
	1st Level TRY	2nd Level TRY	3rd Level TRY
Financial assets			
Fair value change reflected in other comprehensive income - equity instruments	-	-	5,122,949
Derivative instruments	-	9,063,664	-
Total	-	9,063,664	5,122,949

Financial liabilities			
Fair value change reflected in other comprehensive income - equity instruments	-	-	-
Total	-	-	-

TAT GIDA SANAYİ A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
(Amounts are expressed in Turkish Lira (TL) unless otherwise stated)

NOTE 31 - DISCLOSURE OF FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR OR AUDITOR’S

	31 December 2022	31 December 2021
	Company Independent Audit Firm	Company Independent Audit Firm
<u>Independent audit fee for the reporting period</u>	513,600	112,100
- Statutory and voluntary independent audit services (including interim periods)	513,600	112,100
Fee for other assurance services	-	10,000
- Services provided within the scope of assurance standards (ISAE 3000/3400/3402/3420)	-	10,000
Total	513,600	122,100

NOTE 32 - SUBSEQUENT EVENTS

None.

Reporting Period
01.01.2021 – 31.12.2022

Title
Tat Gıda Sanayi A.Ş.

Trade Registry No
İstanbul Ticaret Sicili 96638

Authorized Capital
250.000.000 TL

Paid-in Capital
136.000.000 TL

This Annual Report (“Report”), including the Board of Directors' Report about the operations and financials of 2022, Auditors' Report, Financial Statements and the Independent Audit Report, was prepared in compliance with the legal regulations in force, to be presented to the Ordinary General Assembly of Tat Gıda Sanayi A.Ş. (Company) to take place on the 20.03.2023 Monday at 14.00 in Divan Hotel İstanbul, Elmadağ at the address Asker Ocağı Caddesi No. 1, 34367 Şişli, İstanbul. The Report was written only to inform the shareholders, and does not serve the purpose to lay the ground for any investment decision. The opinions stated in the Report regarding the future and projections reflect the Company Management's view on the future situation; their materialization may differ depending on the variables and assumptions that yield the projections. Accordingly, the Company or Members of the Board of Directors, advisors or employees cannot be held liable for any information or communication conveyed as part of this Report or for any direct or indirect loss and damages that may be incurred on any individual because of information based on/omitted from the content of this report. It is believed that all information in the Report was accurate at the time of preparation. The Company rejects any responsibility for errors that may occur during writing or printing.

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