

TAT GIDA SANAYİ ANONİM ŞİRKETİ

**CONVENIENCE TRANSLATION INTO ENGLISH OF
FINANCIAL STATEMENTS AS AT AND
FOR THE SIX MONTH PERIOD ENDED 30 June 2023
WITH INDEPENDENT AUDITORS REPORT**

TAT GIDA SANAYİ ANONİM ŞİRKETİ

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TAT GIDA SANAYİ ANONİM ŞİRKETİ

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TRY) unless otherwise indicated.)

ASSETS	Notes	Reviewed	Audited
		30 June 2023	31 December 2022
Current assets			
Cash and cash equivalents		91,073,938	287,657,658
Trade receivables		1,319,254,338	843,981,378
-Trade receivables from related parties	5, 17	980,563,962	715,269,310
-Trade receivables from third parties	5	338,690,376	128,712,068
Other receivables		2,296,272	1,426,048
-From third parties		2,296,272	1,426,048
Inventories	6	1,452,929,878	2,392,033,134
Current tax assets		-	1,982,603
Prepaid expenses		160,965,599	76,798,187
Other current assets	16	251,802,188	311,099,028
Total current asset		3,278,322,213	3,914,978,036
Non-current assets			
Other receivables		68,085	68,085
-Other receivables from third parties		68,085	68,085
Financial investments		9,358,813	9,017,263
Property, plant and equipment	7	484,026,294	415,119,255
Right of use assets		36,104,994	34,142,076
Intangible assets		24,479,892	16,873,924
Deferred tax assets		126,325,150	47,231,597
Other non-current assets	16	14,640,641	-
Total non-current assets		695,003,869	522,452,200
Total asset		3,973,326,082	4,437,430,236

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

TAT GIDA SANAYİ ANONİM ŞİRKETİ

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TRY) unless otherwise indicated.)

LIABILITIES	Notes	Reviewed 30 June 2023	Audited 31 December 2022
Short term liabilities			
Short-term financial borrowings	4	778,403,645	1,913,025,463
Short-term financial lease liabilities	4	11,567,389	8,751,196
- Short-term financial lease liabilities due from related parties		7,371,231	6,335,136
- Short-term financial lease liabilities due from other parties		4,196,158	2,416,060
Short-term portion of long-term borrowings	4	260,889,050	408,907,507
Trade payables		464,611,849	636,790,381
- Trade payables to related parties	5, 17	79,464,800	97,141,555
- Trade payables to third parties	5	385,147,049	539,648,826
Employee benefit obligations		23,415,323	24,159,639
Other payables		19,178,354	44,216,868
- Other payables from related parties	17	6,372,821	27,915,166
- Other payables from third parties		12,805,533	16,301,702
Deferred income		14,134,759	53,998,834
Current tax liabilities		26,056,792	-
Short-term provisions		59,858,693	17,301,557
- For employment benefits		8,944,258	3,172,433
- Other		50,914,435	14,129,124
Total short-term liabilities		1,658,115,854	3,107,151,445
Long term liabilities			
Long-term financial borrowings	4	1,043,072,000	149,781,000
Long-term lease liabilities	4	29,889,455	29,313,818
- Long-term lease liabilities due from related parties	17	8,302,195	5,467,780
- Long-term lease liabilities due from other parties		21,587,260	23,846,038
Long-term provisions		56,994,382	47,027,824
- For employment benefits		56,994,382	47,027,824
Total long-term liabilities		1,129,955,837	226,122,642
Total liabilities		2,788,071,691	3,333,274,087
EQUITY			
Share capital	9	136,000,000	136,000,000
Inflation adjustment to share capital	9	21,601,088	21,601,088
Share premiums/discounts	9	10,107,809	10,107,809
Other comprehensive income or expenses that may be reclassified subsequently to profit or loss		(83,899,229)	2,929,927
- Financial assets revaluation reserve		6,840,727	6,840,727
- Fair value change - losses on cash flow hedges through other comprehensive income		(90,739,956)	(3,910,800)
Other comprehensive income or expenses that will not be reclassified subsequently to profit or loss		(28,210,430)	(22,189,177)
- Actuarial losses in defined benefit plan		(28,210,430)	(22,189,177)
Restricted reserves	9	118,958,084	118,758,083
Retained Earnings		836,747,417	541,685,950
Prior years' profit		173,949,652	295,262,469
Equity attributable to equity holders of the parent company		1,185,254,391	1,104,156,149
Total equity		1,185,254,391	1,104,156,149
Total liabilities and equity		3,973,326,082	4,437,430,236

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

TAT GIDA SANAYİ ANONİM ŞİRKETİ

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

		Reviewed 1 January- 30 June 2023	Reviewed 1 January- 30 June 2022	Not Reviewed 1 April- 30 June 2023	Not Reviewed 1 April- 30 June 2022
	Notes				
Profit or Loss					
Sales	10	2,127,237,484	1,019,142,572	1,003,722,044	482,549,511
Cost of sales (-)	10	(1,594,941,183)	(670,426,706)	(763,307,297)	(316,630,701)
Gross profit		532,296,301	348,715,866	240,414,747	165,918,810
Marketing expenses (-)	11	(147,182,991)	(107,663,204)	(77,742,468)	(58,054,740)
Administrative expenses (-)	11	(145,784,186)	(83,852,344)	(80,901,553)	(32,513,787)
Research and development expenses (-)	11	(3,727,096)	(1,374,037)	(2,073,184)	(730,165)
Other income from operating activities	12	273,906,589	82,108,787	163,836,126	52,361,686
Other expenses from operating activities (-)	12	(75,810,082)	(42,265,561)	(28,380,786)	(31,189,266)
Operating profit		433,698,535	195,669,507	215,152,882	95,792,538
Income from investing activities	13	4,631,990	2,394,674	619,579	333,425
Operating profit before finance expense		438,330,525	198,064,181	215,772,461	96,126,943
Finance income	16	47,751,159	54,407,515	29,183,437	35,850,377
Finance expense (-)	16	(288,165,409)	(69,919,345)	(141,210,031)	(40,710,531)
Finance expense, net		(240,414,250)	(15,511,830)	(112,026,594)	(4,860,154)
Profit before tax		197,916,275	182,552,351	103,745,867	91,266,789
Tax expense		(23,966,623)	(3,880,413)	(27,620,822)	(7,555,841)
- Current tax expense	15	(79,190,612)	(14,453,555)	(18,877,839)	(13,687,606)
- Deferred tax expense	15	55,223,989	10,573,142	(8,742,983)	6,131,765
Profit for the period		173,949,652	178,671,938	76,125,045	83,710,948
Earnings per share		1.28	1.31	0.56	0.62
Earnings per common and diluted share from continuing operations (kr)		1.28	1.31	0.56	0.62
Other comprehensive income:		(92,850,409)	(3,177,359)	(87,722,510)	(3,177,359)
Losses related to hedging from cash flow risk		(86,829,156)	-	(90,739,956)	-
Gains / (losses) on remeasurements of defined benefit plans		(6,021,253)	(3,177,359)	3,017,446	(3,177,359)
Total other comprehensive income		(92,850,409)	(3,177,359)	(87,722,510)	(3,177,359)
Total comprehensive income		81,099,243	175,494,579	(11,597,465)	80,533,589

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

TAT GIDA SANAYİ ANONİM ŞİRKETİ

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

				Other comprehensive income that will be Reclassified in Profit or Loss		Other comprehensive income that will be Reclassified in Profit or Loss				
	Paid in share capital	Inflation adjustments to paid in capital	Share premiums (discounts)	Gains / (losses) on revaluations and remeasurements	Cash flow hedges	Gains / (losses) on remeasurements of defined benefit plans	Restricted reserves appropriated from profit	Net profit for the period	Retained earnings	Paid in share capital
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	-	-	-	-	-	-	46,296,300	(223,190,334)	176,894,034	-
Dividends paid	-	-	-	-	-	-	-	-	(56,461,212)	(56,461,212)
Total comprehensive income	-	-	-	-	-	(3,177,359)	-	178,671,938	-	175,494,579
Balance as at 30 June 2022	136,000,000	21,601,088	10,107,809	3,409,399	-	(5,989,423)	118,758,084	178,671,938	541,684,949	1,004,243,844
Balance as at 1 January 2023	136,000,000	21,601,088	10,107,809	6,840,727	(3,910,800)	(22,189,177)	118,758,083	295,262,469	541,684,949	1,104,155,148
Transfers	-	-	-	-	-	-	200,001	(295,262,469)	295,062,468	-
Total comprehensive income	-	-	-	-	(86,829,156)	(6,021,253)	-	173,949,652	-	81,099,243
Balance as at 30 June 2023	136,000,000	21,601,088	10,107,809	6,840,727	(90,739,956)	(28,210,430)	118,958,084	173,949,652	836,747,417	1,185,254,391

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

TAT GIDA SANAYİ ANONİM ŞİRKETİ

CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

	Notes	Reviewed 1 January- 30 June 2023	Reviewed 1 January- 30 June 2022
Profit from continuing operations		173,949,652	178,671,938
Adjustments to reconcile profit for the period			
Adjustments for depreciation and amortization expenses	3	17,021,500	8,298,849
Adjustments for impairment		2,000,000	(841,882)
<i>Adjustments for impairment of inventories</i>	6	2,000,000	(841,882)
Adjustments for provisions		59,637,017	17,179,980
<i>Adjustments for provision related with employee benefits</i>		22,851,706	6,971,409
<i>Adjustments for other provision</i>		36,785,311	10,208,571
Profit / (loss) from sale of property, plant and equipment	13	357,162	140,184
Adjustments for income accruals		8,286,905	(4,018,600)
Adjustments for fair value of derivatives instruments		-	9,063,664
Adjustments for tax expenses	15	23,966,623	3,880,413
Adjustments for unrealized foreign exchange loss, net		112,924,041	7,380,730
Deferred financial expense due to purchases with maturity		(10,503,247)	(27,559,476)
Unearned financial income due to sales with maturity		(95,329)	19,006,459
Interest income	14	(21,625,884)	(12,577,649)
Interest expense	14	268,380,586	38,127,567
Changes in working capital		634,299,026	236,752,177
Changes in trade receivables and other receivables		(210,753,203)	(64,597,053)
Changes in due from related parties		(265,294,652)	(78,354,478)
Changes in inventories		937,103,256	31,946,369
Changes in prepaid expenses		(84,167,412)	(111,101,135)
Changes in other current and non-current assets		(51,958,964)	(42,472,431)
Changes in trade payables		(143,998,530)	270,135,416
Changes due to related parties		(39,219,100)	(2,178,033)
Changes in deferred income		(39,864,075)	(4,296,504)
Changes in employee benefit payables		(744,316)	6,472,618
Decrease in other liabilities		(495,894)	5,611,435
Cash flows from operating activities		734,906,136	247,918,381
Employee termination benefits paid		(13,134,576)	(4,725,018)
Taxes paid		(75,020,781)	(16,240,387)
Net cash flows from operating activities		646,750,779	226,952,976
Investing activities:			
Cash outflows from property, plant and equipment and intangible asset		(89,348,329)	(75,260,927)
Cash generated from sale of property, plant and equipment and intangible assets		(356,620)	(90,961)
Net cash used in investing activities		(89,704,949)	(75,351,888)
Financing activities:			
Interest received		21,625,884	12,577,649
Cash outflows due to leasing payments		(10,084,285)	(6,950,549)
Cash inflows due to borrowing received		1,358,149,737	449,941,497
Cash outflows due to borrowing payments		(1,794,040,705)	(339,587,898)
Interest paid		(329,280,181)	(16,245,615)
Dividend payment	9	-	(56,461,212)
Net cash from in financing activities		(753,629,550)	43,273,872
Net change in cash and cash equivalents		(196,583,720)	194,874,960
Cash and cash equivalents at the beginning of the period		287,657,658	106,046,019
Cash and cash equivalents at the end of the period		91,073,938	300,920,979

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

TAT GIDA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

NOTE 1 – COMPANY’S ORGANISATION AND NATURE OF OPERATIONS

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

As at 30 June 2023 and 31 December 2022, the number of end-of-period, average, permanent and temporary personnel employed within the Company is as follows:

	30 June 2023		31 December 2022	
	End of Period	Average	End of Period	Average
Total	867	801	773	1,096
Permanent Personnel	454	460	484	459
Temporary Personnel	413	341	289	637

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

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

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

The registered office address of the Company is as follows:

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

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basic Principles of Presentation

Principles of measurement

The condensed interim financial statements are prepared in Turkish Lira (“TRY”) based on the historical cost convention except for the equity instruments which are carried at fair value. In determining the historical cost, the fair value of the amount paid for the assets is generally taken as the basis. The financial statements have been prepared on the basis of the inflation adjusted historical cost basis ended on 31 December 2004.

Reporting and Functional Currency

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

TAT GIDA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

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

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

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

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

Public Oversight Accounting and Auditing Standards Authority (“POA”) made an announcement on January 20, 2022 about Application of Financial Reporting in Hyperinflationary Economies (IAS 29 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, Afterwards, no new statement was made by the POA about the TMS 29 application. As of the preparation date of the financial statements, POA did not make an additional announcement and no adjustment was made to the financial statements in accordance with TAS 29.

Approval of financial statements:

The accompanying interim condensed financial statements are approved by the Company’s Board of Directors on 27 July 2023.

2.3 Financial Statements of Comparative Information and Restatement of Prior Period

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

2.4 Change in accounting policy

The accounting policies applied in the interim condensed financial statements of the Company are the same as the accounting policies applied in the financial statements for the year ended 31 December 2022.

2.5 Summary of significant accounting policies

The condensed interim financial statements of the Company for the period ended June 30, 2023 have been prepared in accordance with TAS 34. The accounting policies used in the preparation of the condensed interim financial statements for the period ended June 30, 2023 are consistent with those used in the preparation of annual financial statements for the year ended December 31, 2022. Accordingly, these condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2022.

TAT GIDA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

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

New and Revised International Financial Reporting Standards:

a) *Standards, amendments, and interpretations applicable as of 30 June 2023:*

- **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.
- **IFRS 17, ‘Insurance Contracts’;** 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.
- **Amendment to IAS 12 - International tax reform - pillar two model rules;** The deferred tax exemption and disclosure of the fact that the exception has been applied, is effective immediately. The other disclosure requirements are effective annual periods beginning on or after 1 January 2023. These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development’s (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

b) *Standards, amendments, and interpretations that are issued but not effective as of 30 June 2023:*

- **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.
- **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.
- **Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements; ;** effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company’s liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB’s response to investors’ concerns that some companies’ supplier finance arrangements are not sufficiently visible, hindering investors’ analysis.
- **IFRS S1, ‘General requirements for disclosure of sustainability-related financial information;** effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity’s value chain.
- **IFRS S2, ‘Climate-related disclosures’;** effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

TAT GIDA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

NOTE 3 – SEGMENT REPORTING

Primary segmental reporting method - Industrial segments

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

- Tomato paste and canned foods

The Company also evaluated disclosure of geographical distribution of revenues for the period in addition to industrial segments. However, the Company concluded that there are no geographical reporting segments since the big chain groceries and Düzey is the main customer of the Company. The Company Management evaluates financial results and performance based on TAS financial statements. Therefore, TAS financial statements are the basis of segmental reporting.

a) Revenue segmental analysis

Revenue segmental analysis for the period ended 1 January - 30 June 2023 and 2022

	1 January- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2023	1 April- 30 June 2022
Tomato paste and canned products	2,127,237,484	1,019,142,572	1,003,722,044	482,549,511
	2,127,237,484	1,019,142,572	1,003,722,044	482,549,511

b) Segment assets

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

As at 30 June 2023 and 31 December 2022, the recorded amounts of the segment assets according to industrial segments are as follows:

	30 June 2023	31 December 2022
Tomato paste and canned products	484,026,294	415,119,255
Assets that cannot be allocated to segments	24,479,892	16,873,924
	508,506,186	431,993,179

c) Segment liabilities

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

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

TAT GIDA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

NOTE 3 – SEGMENT REPORTING(Continued)

d) Depreciation and amortization and capital expenditures

For the periods ended 30 June 2023 and 2022, depreciation and amortization of the industrial segment assets are as follows:

Amortization and depreciation costs	1 January – 30 June 2023	1 January – 30 June 2022	1 April – 30 June 2023	1 April - 30 June 2022
Tomato paste and canned products	7,209,609	6,399,539	2,836,334	4,818,025
Assets that cannot be allocated to segments	9,811,891	1,899,310	6,118,057	-
	17,021,500	8,298,849	8,954,391	4,818,025

For the periods ended 30 June 2023 and 2022, investment expenditures for the industrial segment assets are as follows:

Investment expenditures(*)	1 January – 30 June 2023	1 January – 30 June 2022	1 April – 30 June 2023	1 April – 30 June 2022
Tomato paste and canned products	88,158,997	74,172,647	66,689,997	66,808,082
Assets that cannot be allocated to segments	23,514,748	1,850,016	14,484,748	1,296,393
	111,673,745	76,022,663	81,174,745	68,104,475

NOTE 4 – FINANCIAL BORROWINGS

The financial liabilities at 30 June 2023 and 31 December 2022 are as follows:

	30 June 2023	31 December 2022
Short term borrowings	569,755,159	839,821,956
Short term portion of long-term borrowings	66,655,351	173,376,000
Short-term portions of long-term bonds	194,233,699	235,531,507
Short term portion of bonds issued	208,648,486	1,073,203,507
Short term lease liabilities	11,567,389	8,751,196
Total short term financial liabilities	1,050,860,084	2,330,684,166
Long term borrowings	423,072,000	149,781,000
Bonds issued	620,000,000	-
Long term lease liabilities	29,889,455	29,313,818
Total long term financial liabilities	1,072,961,455	179,094,818
Total liabilities	2,123,821,539	2,509,778,984

There are no pledges and mortgages given by the Company, related to its financial liabilities (31 December 2022: None).

TAT GIDA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

NOTE 4 – FINANCIAL BORROWINGS (Continued)

The details of financial borrowings as of 30 June 2023 are as follows:

	The weighted average interest rate %	Original amount	30 June 2023 Book Value (TRY)
Short term financial borrowings			
TRY borrowings	15.60%	636,410,510	636,410,510
Bonds issued (*)	32.83%	402,882,185	402,882,185
			1,039,292,695
Long term financial borrowings			
EUR borrowings	8.28%	15,000,000	423,072,000
Bonds issued	33.00%	620,000,000	620,000,000
			1,043,072,000

(*) It includes the coupon interest of the issued bond.

Within the scope of the issuance limit deemed appropriate by the Capital Markets Board decision No. 4/100 dated January 26, 2023, the Company; It issued bonds worth 620,000,000 TL on 24 February 2023, with a redemption date of 05 March 2025 and a 33% annual fixed interest coupon payment at the end of maturity. It issued a financing bill with a value of 200,000,000 TL on April 4, 2023, with a maturity date of September 29, 2023 and a fixed interest rate of 27.5% per annum at the end of maturity, with a coupon payment. It issued bonds worth 116,350,000 TL on 12 May 2023, with a redemption date of 17 May 2024 and a 42% annual fixed interest coupon payment at the end of maturity.

The details of financial borrowings as of 31 December 2022 are as follows:

	The weighted average interest rate %	Original amount	31 December 2022 Book Value (TRY)
Short term financial borrowings			
TRY borrowings	19.10%	1,013,197,956	1,013,197,956
Bonds issued (*)	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

Repayment schedule of the long-term borrowings issued at 30 June 2023 and 31 December 2022 are as follows:

	30 June 2023	31 December 2022
2023	817,942,695	2,321,932,970
2024	221,350,000	-
2025	620,000,000	-
2026	141,024,000	-
2027	282,048,000	149,781,000
	2,082,364,695	2,471,713,970

TAT GIDA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

NOTE 4– FINANCIAL BORROWINGS (Continued)

As at 30 June 2023 and 31 December 2022, repayment schedule of the long-term lease obligations in TRY are as follows:

	30 June 2023	31 December 2022
Less than one year	9,776,042	8,751,196
Between one and two years	7,252,315	4,284,335
Between two and three years	4,734,136	4,572,740
Between three and four years	3,274,131	2,746,082
Between four and five years	3,019,522	2,721,955
More than five years	13,400,698	14,988,706
	41,456,844	38,065,014

NOTE 5 – TRADE RECEIVABLES AND PAYABLES

Trade Receivables

The analysis of trade receivables and trade payables at 30 June 2023 and 31 December 2022 is as follows:

	30 June 2023	31 December 2022
Trade receivables due from related parties (Note 17)	980,563,962	715,269,310
Trade receivables	341,632,905	131,464,775
Provisions for doubtful receivables	(2,942,529)	(2,752,707)
	1,319,254,338	843,981,378

Movement of allowance for doubtful receivables of the Company for the period ended 30 June 2023 and 2022 is as follows:

	1 January – 30 June 2023	1 January – 31 December 2022
Opening balance	(2,752,707)	(2,861,871)
Provision of the period	(189,822)	109,164
	(2,942,529)	(2,752,707)

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

Trade Payables

As at 30 June 2023 and 31 December 2022, the details of trade payables are as follows:

	30 June 2023	31 December 2022
Trade payables:		
Domestic suppliers	385,147,049	539,648,826
Due to related parties (Note 17)	79,464,800	97,141,555
	464,611,849	636,790,381

TAT GIDA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

NOTE 6 - INVENTORIES

As at 30 June 2023 and 31 December 2022, the details of inventories are as follows:

	30 June 2023	31 December 2022
Raw materials	271,737,311	291,949,725
Finished goods	1,180,998,782	2,098,154,639
Other inventory	2,193,785	1,928,770
Impairment of inventory	(2,000,000)	-
	1,452,929,878	2,392,033,134

NOTE 7 – PROPERTY, PLANT AND EQUIPMENT

For the periods ended 30 June 2023 and 2022, property, plant and equipment movement are as follows:

	1 January – 30 June 2023	1 January – 30 June 2022
Net book value as of 1 January	415,119,255	229,427,009
Additions	89,348,329	75,260,927
Disposals	(542)	(49,223)
Transfers	(2,123,751)	-
Depreciation of the current period	(18,316,997)	(7,769,211)
	484,026,294	296,869,502

NOTE 8 – COMMITMENTS AND CONTINGENCIES

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

	30 June 2023	31 December 2022
A. On the behalf of legal entity	273,361,188	195,636,780
B. On the behalf of associations that included in full consolidation	-	-
C. On the behalf of third parties' liabilities within the context of business operations	-	-
-Given on the behalf of parent company	-	-
-Given on the behalf of other group companies which are not included in B and C clauses	-	-
-Given on the behalf of third parties which are not included in C clause	-	-
D. Others	-	-
	273,361,188	195,636,780

Company has guarantee letters given to tax office (for VAT refund), natural gas suppliers and General Directorate of Agricultural Enterprises etc. amounting to TRY273,361,188. (31 December 2022:TRY195,636,780).

Total guarantees given by the Company are in TRY currency and neither any pledges nor encumbrances are given by the Company. Ratio of commitments and contingencies given by the Company to the Shareholders Equity on 30 June 2023 is 0 percent (31 December 2022: 0 percent).

TAT GIDA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

NOTE 9 – SHAREHOLDER’S EQUITY

a) Share Capital

The Company’s paid share capital at 30 June 2023 is TRY136,000,000 and consists of 13,600,000,000 number of shares, each with a nominal value of 1 Kuru and there is no preferred stock (31 December 2022: 13,600,000,000 number of shares each with a nominal value of 1 Kuru).

As at 30 June 2023 and 31 December 2022, the shareholders and paid-in capital with the historical values are as follows:

	%	30 June 2023	%	31 December 2022
Koç Holding A.Ş.	43.7	59,364,947	43.7	59,364,947
Public	41.4	56,312,844	41.4	56,312,844
Kagome Co. Ltd.	3.7	5,071,168	3.7	5,071,168
Temel Ticaret ve Yatırım A.Ş. (“Temel Ticaret”)	3.3	4,427,889	3.3	4,427,889
Sumitomo Corporation	1.5	2,077,983	1.5	2,077,983
Other	6.4	8,745,169	6.4	8,745,169
Total share capital	100	136,000,000	100	136,000,000
Inflation adjustments to share capital		21,601,088		21,601,088
Adjusted share capital		157,601,088		157,601,088

There are no privileges, rights or limitations between the shares representing the capital of the Company.

The Company has adopted the registered capital system in accordance with the provisions of the Capital Market Law passed to this system with the permission of the Capital Markets Board dated 20 August 1992 and numbered 454. The registered capital ceiling of the Company is TRY250,000,000 and each Kuruş consists of 25,000,000,000 shares with a nominal value.

As at 30 June 2023, 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 2022: 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 30 June 2023, the premium of the Company's share in the financial statements is TRY10,107,809 (31 December 2022: TRY10,107,809).

TAT GIDA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

NOTE 9 – SHAREHOLDER’S EQUITY(CONTINUED)

e) Restricted reserves

Reserves reserved for specific purposes other than profit from previous periods, due to law or contractual obligations or other profit distribution.

These reserves are presented in the Company's statutory records and the differences in preparing the financial statements in accordance with TFRS are associated with prior years' profits.

As at 30 June 2023 and 31 December 2022, the Company's details of restricted reserves are as follows:

	30 June 2023	31 December 2022
Legal reserves	38,030,659	38,030,659
Special reserves	80,927,425	80,727,424
Total	118,958,084	118,758,083

Legal Reserves

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5 percent per annum, until the total reserve reaches 20 percent of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10 percent per annum of all cash dividend distributions. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50 percent of paid-in capital.

Special Reserves

According to the article 5/1-e of Corporate Tax Law No: 5520, 75% of the earnings from the sale of the properties and participation shares that corporations have kept among their assets for at least two full years, and from the sales of founders' shares, preference shares and preferred rights they have kept for same duration are exempted from corporate tax. This exception shall apply in the term the sale is made, and the part of the proceeds of the sale that benefited from the exception shall be kept in a special fund account of liabilities, until the end of the fifth year following the sale.

d) Dividend distribution

There is no dividend payment during 2023.

TAT GIDA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

NOTE 10 – SALES AND COST OF SALES

For the periods 1 January – 30 June 2023 and 2022 , gross profit as a result of revenues and cost of sales are as follows:

	1 January - 30 June 2023	1 January – 30 June 2022	1 April- 30 June 2023	1 April- 30 June 2022
Domestic sales (net)	1,481,807,106	631,498,291	677,529,757	341,702,616
Foreign sales (net)	645,430,378	387,644,281	326,192,287	140,846,895
Total operating revenue	2,127,237,484	1,019,142,572	1,003,722,044	482,549,511
Changes in inventories	(1,100,713,080)	(288,529,571)	(583,202,012)	(56,347,677)
Raw material expenses	(357,936,674)	(307,946,037)	(114,144,770)	(208,615,199)
Manufacturing overhead	(70,021,619)	(43,373,281)	(33,011,096)	(31,714,883)
Direct labour expenses	(59,688,710)	(27,045,313)	(29,560,778)	(17,561,849)
Depreciation expenses	(6,581,100)	(3,532,504)	(3,388,641)	(2,391,093)
Cost of sales	(1,594,941,183)	(670,426,706)	(763,307,297)	(316,630,701)
Gross Profit	532,296,301	348,715,866	240,414,747	165,918,810

NOTE 11 – EXPENSES BY NATURE

For the periods 1 January – 30 June 2023 and 2022 details of research and development expenses are as follows:

	1 January - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Research and development expenses				
Personnel expenses	3,416,424	1,162,961	1,872,009	624,334
Depreciation expenses	165,348	206,300	82,399	103,385
Other	145,324	4,776	118,776	2,446
	3,727,096	1,374,037	2,073,184	730,165

TAT GIDA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

NOTE 11 – EXPENSES BY NATURE (Continued)

For the periods 1 January – 30 June 2023 and 2022 details of marketing, selling and distribution expenses are as follows:

	1 January - 30 June2023	1 January - 30 June2022	1 April - 30 June2023	1 April - 30 June2022
Marketing, Sales and Distribution Expenses:				
Shipping and insurance expenses	39,907,312	33,578,068	17,397,620	19,268,318
Personnel expenses	37,226,647	15,610,635	18,349,428	8,684,088
Advertising expenses	26,606,856	29,313,280	20,099,475	15,450,709
Export expenses	14,446,489	11,328,808	7,892,425	6,490,379
Sales support expenses	9,238,480	5,059,855	4,955,150	2,458,865
Action, sale, incentive and gondola participation costs	5,875,355	7,426,565	2,779,111	3,158,565
Subcontracting expenses	5,814,933	3,422,283	2,925,108	1,367,662
Other	8,066,919	1,923,710	3,344,151	1,176,154
	147,182,991	107,663,204	77,742,468	58,054,740

For the periods 1 January - 30 June 2023 and 2022 the details of general and administrative expenses are as follows:

	1 January - 30 June2023	1 January - 30 June2023	1 April - 30 June2023	1 April - 30 June2022
General and administrative expenses:				
Personnel expenses	65,708,118	25,011,012	31,856,601	13,993,221
Consultancy and lawsuit expenses	16,408,697	29,475,468	10,301,047	3,998,088
Information technology expenses	13,572,056	8,375,137	8,298,149	4,289,258
Severance expense	13,134,576	4,737,963	9,009,900	1,128,955
Depreciation and amortization	10,275,052	4,539,521	5,483,351	2,323,546
Administrative expenses	9,093,597	5,478,385	5,101,078	3,142,033
Tax and duties expenses	5,288,404	1,312,250	5,157,237	703,526
Transport, travel expenses	3,778,461	1,583,359	1,929,058	1,229,754
Repair and maintenance expenses	1,684,390	608,551	1,110,314	254,877
Other	6,840,835	2,730,698	2,654,818	1,450,529
	145,784,186	83,852,344	80,901,553	32,513,787

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

NOTE 12 – OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

For the periods 1 January - 30 June 2023 and 2022, other income and profits from operating activities are as follows:

	1 January - 30 June2023	1 January - 30 June2022	1 April - 30 June2023	1 April - 30 June2022
Other Operating Income				
Income from maturity differences	154,394,665	59,198,428	69,442,683	41,812,944
Exchange differences from commercial activitie	114,064,885	18,891,566	91,918,066	8,425,302
Other	5,447,039	4,018,793	2,475,377	2,123,440
	273,906,589	82,108,787	163,836,126	52,361,686

For the periods 1 January – 30 June 2023 and 2022, other expenses from operating activities are as follows:

	1 January - 30 June2023	1 January - 30 June2022	1 April - 30 June2023	1 April - 30 June2022
Other Operating Expense				
Expense from maturity differences	(47,875,741)	(28,824,181)	(19,429,943)	(20,994,715)
Exchange differences from commercial activities	(10,303,664)	(9,009,216)	4,699,271	(7,240,194)
Lawsuit expenses	-	(239,285)	-	(54,356)
Other	(17,630,677)	(4,192,879)	(13,650,114)	(2,900,001)
	(75,810,082)	(42,265,561)	(28,380,786)	(31,189,266)

NOTE 13 – INCOME AND EXPENSES FROM INVESTING ACTIVITIES

For the periods 1 January – 30 June 2023 and 2022, investment income and expenses are as follows:

	1 January - 30 June2023	1 January - 30 June2022	1 April - 30 June2023	1 April - 30 June2022
Income from Investing Activities				
Dividend income	3,749,994	1,874,997	-	-
Rent income	524,834	379,493	262,417	194,518
Gain on sale of property, plant and equipment	357,162	140,184	357,162	138,907
	4,631,990	2,394,674	619,579	333,425

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

NOTE 14 – FINANCIAL INCOME AND EXPENSES

For the periods 1 January – 30 June 2023 and 2022, financial income and expenses are as follows:

	1 January - 30 June2023	1 January - 30 June2022	1 April - 30 June2023	1 April - 30 June2022
Foreign exchange gains	26,125,275	41,829,866	23,106,708	26,727,608
Interest income on time deposits	21,625,884	12,577,649	6,076,729	9,122,769
	47,751,159	54,407,515	29,183,437	35,850,377
	1 January - 30 June2023	1 January - 30 June2022	1 April - 30 June2023	1 April - 30 June2022
Interest expenses on bond issued	(187,867,859)	(8,930,137)	(94,924,311)	(6,587,671)
Bank loans interest expenses	(76,131,763)	(26,523,745)	(33,659,087)	(14,716,905)
Foreign exchange expenses	(4,478,071)	(28,551,095)	(3,587,004)	(15,968,405)
Lease interest expenses	(4,383,537)	(2,681,561)	(2,214,348)	(1,410,192)
Other	(15,304,179)	(3,232,807)	(6,825,281)	(2,027,358)
	(288,165,409)	(69,919,345)	(141,210,031)	(40,710,531)

NOTE 15 – INCOME TAX

Total income tax benefit/ (expense) recognized in profit or loss for the year ended 30 June 2023 and 2022 are as follows:

	1 January - 30 June2023	1 January - 30 June2022	1 April - 30 June2023	1 April - 30 June2022
Current tax expense	(79,190,612)	(14,453,555)	(18,877,839)	(13,687,606)
Deferred tax (expense)/ income	55,223,989	10,573,142	(8,742,983)	6,131,765
Total tax expense	(23,966,623)	(3,880,413)	(27,620,822)	(7,555,841)

(*) Article 15 titled "Tax Reduction" of the Decree on State Aids in Investments dated 15.06.2012 and numbered 2012/3305

The Investment Contribution Rates to be provided to investors within the scope of "US-97 Code:15-37" for the manufacturing industry have been decided. The aforementioned Contribution Rates were changed by the Council of Ministers Decrees No. 2017/9917 and No. 2017/11175 and Presidential Decrees No. 798 and No. 1950 to provide 15 points additional contribution to the investment contribution rate valid in each region for investment expenditures between 01.01.2017 - 31.12.2022 for investment incentive certificates issued within the scope of "US-97 Code: 15-37" for the manufacturing industry. The said Additional 15% Additional Contribution Application has been implemented for 5 years by extending it every year with a total of 4 Council of Ministers / Presidential Decrees. However, no extension was made for the period after 31.12.2022. Due to the non-extension of the 15% Investment Contribution Application, an additional Corporate Tax liability of TL 22.771.852,42-TL arose.

Article 10/27 of the Law on Restructuring of Certain Receivables and Amendments to Certain Laws dated 09.03.2023 and numbered 7440 published in the Official Gazette dated 12.03.2023, a one-time Additional Tax was introduced to meet the financing need arising from the earthquake disaster on February 6. Accordingly, corporate taxpayers are subject to additional tax at the rate of 10% on the exemption and discount amounts deducted from the corporate income by being shown in the corporate tax return for the year 2022, and on the exemption and discount amounts deducted from the corporate income and the bases subject to discounted corporate tax within the scope of Article 32/A of the Corporate Tax Law, without being associated with the period income, and at the rate of 5% on the exempt earnings obtained from abroad with the exception regulated in subparagraph (a) of the first paragraph of Article 5 of the same Law and certified to carry a tax burden of at least 15%. The additional tax amount calculated within the scope of this application is TL 22,240,517.09

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

NOTE 16 – OTHER ASSETS

As at 30 June 2023 and 31 December 2022, the details of other assets are as follows:

	30 June 2023	31 December 2022
Other current assets:		
VAT receivables	223,180,366	278,940,229
Income accruals	17,899,968	26,186,873
VAT receivables arising from exports	4,607,430	2,886,670
Other	6,114,424	3,085,256
	251,802,188	311,099,028
	30 June 2023	31 December 2022
Other non-current assets:		
Advances given	14,640,641	-
	14,640,641	-

NOTE 17 – RELATED PARTY TRANSACTIONS

i) As of 30 June 2023 and 31 December 2022, the details of related party balances are as follows:

a) Deposits at Banks:

Yapı ve Kredi Bankası Anonim Şirketi (“YKB”)	30 June 2023	31 December 2022
Current Deposits	33,248,973	75,314,530
	33,248,973	75,314,530

b) Trade receivables due from related parties:

	30 June 2023	31 December 2022
Düzey (*)	842,726,253	621,189,201
Ram Dış Ticaret A.Ş.	137,576,277	94,001,613
Other	261,432	78,496
	980,563,962	715,269,310

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

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(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

NOTE 17 - RELATED PARTY TRANSACTIONS (Continued)

c) Due to related parties:

Trade Payables	30 June 2023	31 December 2022
Zer Merkezi Hizmetler ve Ticaret A.Ş. (*)	41,265,125	50,305,953
Yapı Kredi Bankası A.Ş.	18,154,044	13,819,627
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	5,091,968	12,018,643
Ram Dış Ticaret A.Ş.	5,058,472	5,950,173
Ingage Dijital Pazarlama Anonim Şirketi ("Ingage")	3,895,401	1,753,780
Otokoç Otomotiv Tic.ve San.A.Ş.	2,386,305	1,239,041
Opet Petrolcülük A.Ş.	1,086,204	-
Setur Servis Turistik A.Ş.	470,090	928,516
Ark İnşaat San ve Tic. A.Ş.	422,395	3,868,000
Koç Digital Çözümler A.Ş.	-	1,698,734
Eltak Elektrik Enerjisi İthalat İhracat	-	4,032,308
Ram Sigorta Aracılık Hizmetleri A.Ş.	-	120,180
Other	1,634,796	1,406,600
	79,464,800	97,141,555
Other payables	30 June 2023	31 December 2022
Koç Holding	6,372,821	27,915,166
Total Trade and Other Payables	85,837,621	125,056,721

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

Lease liabilities	30 June 2023	31 December 2022
Otokoç Otomotiv Tic.ve San.A.Ş.	12,903,517	8,627,804
Temel Ticaret ve Yatırım A.Ş.	2,769,909	3,175,112
Total lease liabilities	15,673,426	11,802,916

TAT GIDA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

NOTE 17 - RELATED PARTY TRANSACTIONS (Continued)

ii) For the periods ended 30 June 2023 and 2022, the details of significant sales to related parties and purchases from related parties are as follows:

a) Sales to related parties:

	1 January - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Düzey (*)	1,388,852,250	566,076,052	693,842,000	308,714,965
Ram Dış Ticaret A.Ş.	166,670,693	93,726	49,760,654	(58,949,801)
Zer Merkezi Hizmetler ve Ticaret A.Ş.	1,367,047	58,272	109,792	17,714
	1,556,889,990	566,228,050	743,712,446	249,782,878

(*) The Company's domestic selling and marketing operations are carried out by the Koç Group Company, Düzey. Average maturity date for Düzey is 90 days (2022: 100 days).

Purchase from related parties:

	1 January - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Zer Merkezi Hizmetler ve Ticaret A.Ş. (*)	35,145,090	33,232,635	16,442,751	18,881,145
Eltek Elektrik Enerjisi İthalat İhracat ve Toptan Ticaret A.Ş.	13,321,440	7,656,841	6,936,060	3,704,591
Opet Petrolcülük A.Ş.	5,075,146	1,476,953	4,172,042	1,000,554
Koç Digital Çözümler A.Ş.	3,376,623	227,400	754,143	(9,328)
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	2,490,689	529,924	2,460,344	472,659
Arçelik Pazarlama A.Ş.	240,272	253,748	2,153	250,315
Koçtaş Yapı Marketleri Tic. A.Ş.	21,169	4,955	21,169	-
Divan Turizm İşletmeleri A.Ş.	-	-	-	-
Other	253,403	195,995	232,172	195,994
	59,923,832	43,578,451	31,020,834	24,495,930

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

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

NOTE 17 - RELATED PARTY TRANSACTIONS (Continued)

c) Services obtained from related parties:

	1 January - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Zer Merkezi Hizmetler ve Ticaret A.Ş.(***)	53,542,644	30,589,137	30,714,957	20,554,565
Koç Holding A.Ş. (**)	17,338,869	29,017,440	12,462,869	3,758,315
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	9,891,065	3,578,476	6,708,788	1,100,736
Ram Dış Ticaret A.Ş.	6,608,214	1,475,876	6,386,463	641,954
Otokoç Otomotiv Tic. ve San. A.Ş.	5,171,339	2,395,904	2,674,758	1,386,870
Ingage Dijital Pazarlama A.Ş.	3,756,076	3,141,992	3,705,502	2,321,024
Temel Ticaret ve Yatırım A.Ş.	2,900,526	1,683,318	1,450,263	841,659
Setur Servis Turistik A.Ş.	2,661,918	769,715	1,088,087	657,883
Ram Sigorta Aracılık Hizmetleri A.Ş. (*)	524,541	1,075,255	86,193	232,874
Other	1,272,003	570,165	119,094	351,702
	103,667,195	74,297,278	65,396,974	31,847,582

(*) In the context of insurance policies signed via acting as insurance agent Ram Insurance and insurance companies, it includes the amount of premium paid accrued in the period ended 30 June 2023 and 2022, respectively.

(**) The amount contains finance, legal consultancy, planning, tax consultancy, senior management service costs invoiced by the Company's parent company "Koç Holding" regarding their related services according to the distribution described in Regulation No:11 "Intra Group Services" of "General Communiqué No:1 related to Disguised Profit Distribution via Transfer Pricing".

(***) The Company purchases logistic, media and packaging services from Zer.

iii) For the periods ended 30 June 2023 and 2022, the details of financial income to related parties are as follows:

a) Interest income:

	1 January - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Yapı ve Kredi Bankası A.Ş.	34,356	575,989	-	167,182
	34,356	575,989	-	167,182

b) Interest expense:

	1 January - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Yapı ve Kredi Bankası A.Ş.	1,940,722	1,940,722	975,722	975,722
	1,940,722	1,940,722	975,722	975,722

TAT GIDA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

NOTE 17 - RELATED PARTY TRANSACTIONS (Continued)

iii) For the periods ended 30 June 2023 and 2022, the details of other income and expenses from / to related parties are as follows:

a) Rent payment:

	1 January - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Otokoç	3,620,622	6,808,577	3,620,622	6,808,577
Temel Ticaret	2,900,526	4,615,190	1,450,263	3,773,531
	6,521,148	11,423,767	5,070,885	10,582,108

b) Payments to key management:

Tat Gıda's senior executives have been determined as the Chairman and Members of the Board of Directors, General Manager, Assistant General Managers and Directors directly reporting to the General Manager. As at 30 June 2023, the total amount of benefits provided to Tat Gıda's senior executives is TRY12,673,779 (30 June 2022: TRY4,612,347). All of the payments are short-term in nature and do not include separation payments.

NOTE 18 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS

a) Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (group treasury) under policies approved by the board of directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the company's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

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

a.1) Credit Risk Management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company manages this risk by the credit limits up to the guarantees received from customers. The usage of credit limits are monitored by the Company according to the customer's credibility is evaluated continuously. Trade receivables consist of many customers that operate in various industries and locations. Credit risk of the receivables from counterparties are evaluated perpetually.

TAT GIDA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

NOTE 18 - NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (Continued)

30 June 2023	Receivables				Deposits in Banks	Banks
	Trade Receivables		Other Receivables			
	Related Party	Third Party	Related Party	Third Party		
Maximum credit risk exposure as of the reporting date (A + B + C + D + E)	980,563,962	338,690,376	-	2,364,357	91,073,938	-
- The portion of the maximum risk guaranteed by collateral.	37,726,108	16,481,742	-	-	-	-
A. Net book value of financial assets not overdue or impaired	741,633,379	199,182,540	-	2,364,357	91,073,938	-
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	238,930,583	139,507,836	-	-	-	-
- Collateral. vs secured part	64,134,007	24,211,675	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Overdue (gross book value)	-	2,942,529	-	-	-	-
- Impairment (-)	-	(2,942,529)	-	-	-	-
- Not overdue (gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
E. Off-balances sheet items with credit risk	-	-	-	-	-	-

TAT GIDA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

NOTE 18 - NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (Continued)

31 December 2022	Receivables		Other Receivables		Deposits in Banks	Banks
	Trade Receivables					
	Related Party	Third Party	Related Party	Third Party		
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. vs 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	-	-	-	-	-	-

TAT GIDA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

NOTE 18 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (Continued)

a.2) Foreign Currency Management

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

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

30 June 2023	TRY Equivalent	USD	EUR	Other
1. Trade Receivables	425,741,669	4,373,337	11,110,626	-
2.a Monetary financial assets	53,385,015	568,677	1,374,583	-
2.b Non-monetary financial assets	-	-	-	-
3. Other	-	-	-	-
4. CURRENT ASSETS (1+2+3)	479,126,684	4,942,014	12,485,209	-
5. Trade Receivables	-	-	-	-
6.a Monetary Financial Assets	-	-	-	-
6.b Non-Monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. NON-CURRENT ASSETS (5+6+7)	-	-	-	-
9. TOTAL ASSETS (4+8)	479,126,684	4,942,014	12,485,209	-
10. Trade Payables	7,554,419	292,545	-	-
11. Financial Liabilities	-	-	-	-
12.a Other Monetary Financial Liabilities	7,700,760	298,212	-	-
12.b Other Non-monetary Financial Liabilities	-	-	-	-
13. CURRENT LIABILITIES (10+11+12)	15,255,179	590,757	-	-
14. Trade Payables	-	-	-	-
15. Financial Liabilities	-	-	-	-
16.a Other Monetary Financial Liabilities	1,172,887	45,420	-	-
16.b Other Non-monetary Financial Liabilities	-	-	-	-
17. NON CURRENT LIABILITIES (14+15+16)	1,172,887	45,420	-	-
18. TOTAL LIABILITIES (13+17)	16,428,066	636,177	-	-
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 (9-18+19)	462,698,618	4,305,837	12,485,209	-
21. Net foreign currency asset/ liability position of non-monetary items (1+2a+6a-10-11-12a-14-15-16a)	462,698,618	4,305,837	12,485,209	-
22. Fair value of foreign currency hedged financial assets	-	-	-	-
23. Hedged foreign currency assets	-	-	-	-
24. Hedged amount of foreign currency liabilities	-	-	-	-

TAT GIDA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

NOTE 18 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (Continued)

31 December 2022	TRY Equivalent	USD	EUR	Other
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(1+2+3)	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 (5+6+7)	-	-	-	-
9. TOTAL ASSETS (4+8)	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 Financial Liabilities	643,479	34,352	-	-
12.b Other Non-monetary Financial Liabilities	11,055,261	591,244	-	-
13. CURRENT LIABILITIES (10+11+12)	262,583,544	12,292,387	1,619,488	-
14. Trade Payables	-	-	-	-
15. Financial Liabilities	-	-	-	-
16.a Other Monetary Financial Liabilities	1,243,931	66,407	-	-
16.b Other Non-monetary Financial Liabilities	-	-	-	-
17. NON CURRENT LIABILITIES (14+15+16)	1,243,931	66,407	-	-
18. TOTAL LIABILITIES (13+17)	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-10-11-12a-14-15-16a)	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 amount of foreign currency liabilities	-	-	-	-

TAT GIDA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

NOTE 18 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS

(Continued)

Foreign currency sensitivity

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

The following table details the Company’s sensitivity to a 20% increase and decrease in the USD 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.

	30 June 2023 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	22,238,010	(22,238,010)
2- Part of hedged from USD risk (-)	-	-
3- USD net effect	22,238,010	(22,238,010)
In the case of appreciation of EUR at 20% ratio compared to TRY		
4 - EUR net asset / liability	70,301,714	(70,301,714)
5 – Part of hedged from EUR risk (-)	-	-
6- EUR net effect	70,301,714	(70,301,714)
TOTAL	92,539,724	(92,539,724)

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(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

NOTE 18 – NATURE AND THE LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (Continued)

	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)

NOTE 19 – SUBSEQUENT EVENTS

Within the scope of the issuance limit approved by the decision of the Capital Markets Board dated January 26, 2023 and numbered 4/100; the Company issued a financing bond with a value of TL 200,000,000 on July 13, 2023, with a redemption date of April 17, 2024 and a coupon payment with a fixed annual interest rate of 38.5% at maturity.

On July 15, 2023, the corporate tax rate has been increased from 20% to 25% and the new rate is effective from July 2023 with the "Law on Additional Motor Vehicles Tax for the Compensation of Economic Losses Caused by the Earthquakes Occurred on February 6, 2023 and Amendments to Certain Laws and Decree Law No. 375" published in the Official Gazette. As of the date of these financial statements, the Company is in the process of assessing the potential impact of the related law on the financial statements.