



Annual Review 2022



We are out in the field, united.

Dear Stakeholders,

The report you are about to read summarizes our activities in the year 2022.

In the process of preparing this report, we are extremely saddened by the February 6, 2023 earthquakes that caused devastation in 11 provinces, and killed and wounded thousands of our citizens.

As Sabancı Group, we lost 19 colleagues and approximately 1,000 family members of employees in the earthquakes that had a direct impact on nearly 7,000 of our employees living in the region. 2,343 employees lost their homes in the earthquakes.

May our deceased colleagues, relatives of employees, contractors, business partners, and all deceased citizens rest in peace. We send our condolences to their grieving families.

As Sabancı Group and Sabancı Volunteers, we have been out in the field working tirelessly to heal the wounds since day one.

We contacted relevant authorities in the region to provide our support.

To this end, we lent support to the region in the form of energy supply, bank financing, search and rescue, accommodations, food and provision of basic needs.

We are aware that this is a marathon. Therefore we are out in the field, and we will be there for the people in need until all wounds are healed.

We are grateful for the support of all colleagues on this long journey.

We unite Türkiye and the World,
for a sustainable life
with leading enterprises.

Strategy House



Sabancı Group reinforces its role as a global player with its contribution for a sustainable future and creates enduring value for its stakeholders and Turkish economy.

By combining its solid financial structure, dynamic portfolio management and robust sense of corporate governance with its innovation and technology oriented business approach, Sabancı Group is not only delivering a strong growth from its core businesses but also gaining significant opportunities in new growth platforms.

Acknowledging sustainability as fundamental principle, and setting strong growth and stakeholders' returns as key drivers in its investment decisions, Sabancı Group **unites Türkiye and the World for a sustainable life with leading enterprises.**

Rising from a foundation of global experience, high performance culture and value focused ecosystem built in the course of 97 years, Sabancı Group advances towards its second century with a high confidence and enhanced strategic focus to accelerate its growth and transformation.

From the new normal, to 'new economy'...

Technology has lent substantial impetus to change across the globe. Amid this change, the pandemic and global gyrations brought to the fore a major concept, namely the 'new normal'.

In the aftermath of the pandemic, we, as Sabancı Group, tended not to adapt ourselves to the new normal, rather positioned ourselves as one of its play-makers.

As a part of its commitment to dynamic portfolio management strategy, Sabancı Group has successfully executed its transformation process in 2022 by completing investments in various businesses. After divesting its shares in Phillip Morris by the beginning of the year and raising TL 3.2 billion in proceeds, Sabancı Group allocated TL 4.9 billion throughout 2022 specifically to energy and climate technologies, advanced material technologies and digital technologies, which are defined as 'new economy' investments by the Group.

Strong Financial Performance

Consolidated net income growth higher than combined revenue and EBITDA leads to a historically high ROE despite faster pace in investments.

Combined Revenue Growth
168%

Combined EBITDA* Growth
242%

Consolidated Net Income Growth
264%

Consolidated ROE**
45.4%

* Excludes non-operational and non-recurring one-off items and IFRS16 impact in retail

** Excludes non-operational and non-recurring one-off items

Sustainable future

By acknowledging sustainability as fundamental principle of our investment decisions, we achieve strong results. Our ESG performance and efforts at this front are recognized by global ESG indices and ratings.

2023 Bloomberg Gender Equality Index
First and Only Conglomerate from Türkiye*

2022 MSCI ESG Ratings
A

CDP Climate Change & Water Security
Management Level (B)

Sustainalytics
Low ESG Risk**

Refinitiv ESG Assessment***
A

BIST Sustainability 25 Index

* Twice in a row.
** Diversified Financials Category
*** Investment Holding Companies

2022 at a Glance

Summary Key Financials (TL Bn)

	2018	2019	2020	2021	2022	CAGR (%)
Combined Revenue	88.1	97.6	104.0	151.6	403.6	46.3
Combined Revenue*	86.9	97.1	103.6	150.1	401.5	46.6
Combined EBITDA**	15.4	17.1	20.4	32.9	112.3	64.3
Consolidated Net Income (Share of Parent Company)	3.8	3.8	4.8	12.0	43.8	84.3
Consolidated Net Income** (Share of Parent Company)	3.6	3.8	5.2	9.7	34.6	76.1
Combined Operational Cash Flow ***	5.6	9.5	10.8	12.5	28.7	50.5
Holding Solo Net Cash	2.6	1.7	1.1	2.5	3.1	4.5
Combined Net Financial Debt/EBITDA****	2.3x	2.2x	1.5 x	1.2x	0.4x	

* Excludes holding dividend income

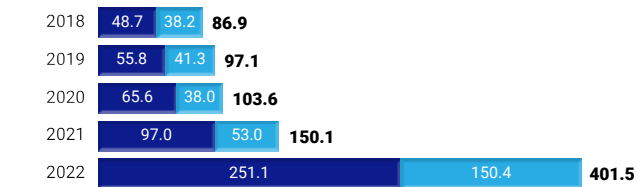
** Excludes non-operational and non-recurring one off items and IFRS16 impact in retail

*** Excludes Financial Services, Banking & Other segment

**** Non-bank; excludes Banking, net cash position of Financial Services, non-operational and non-recurring one-off items and IFRS16 impact in retail

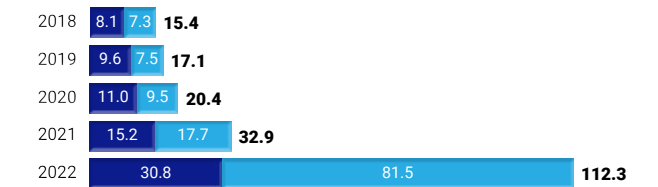
Combined Revenue* (TL Bn)

CAGR 47% Y/Y 168%



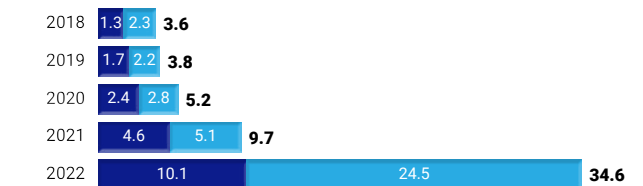
Combined EBITDA** (TL Bn)

CAGR 64% Y/Y 242%

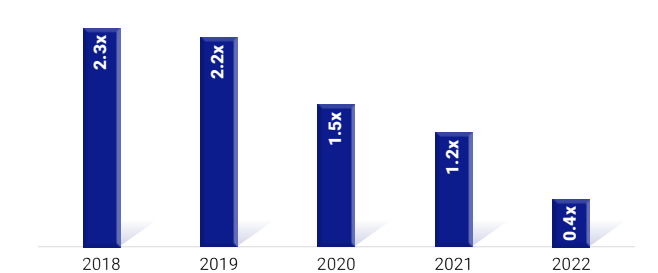


Consolidated Net Income* (TL Bn)

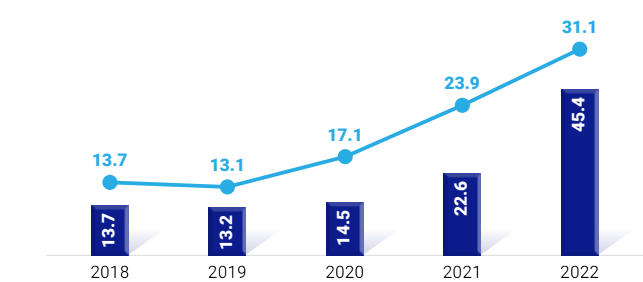
CAGR 76% Y/Y 257%



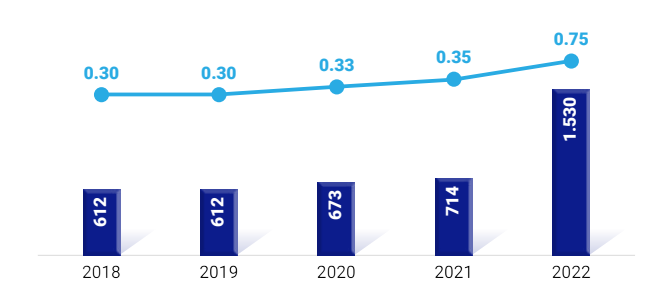
Net Financial Debt/EBITDA**** (Combined)



Return on Equity** (%)



Dividends Paid (TL Mn)



Sabancı Group continues to grow with its solid global footprint, thousands of employees and prominent global business partners.



Business Partners
6

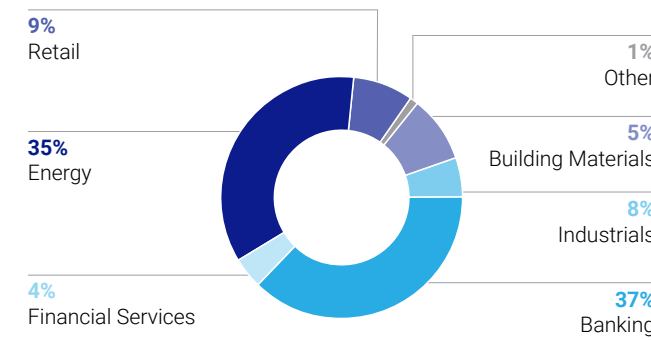
Countries
14

60
Thousand+
Employment

2022 at a Glance

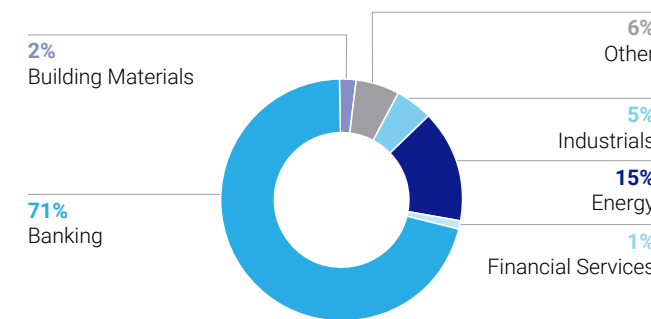
Sabancı Group had a successful year through running a faster pace in the 'new economy' investments while delivering strong financial results.

Combined Revenue* Shares



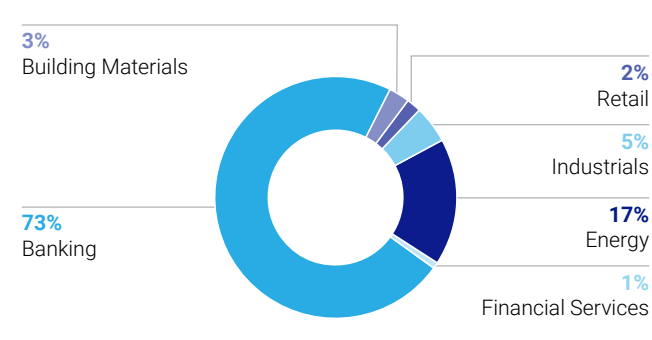
* Excludes Holding dividend income

Consolidated Net Income* Shares



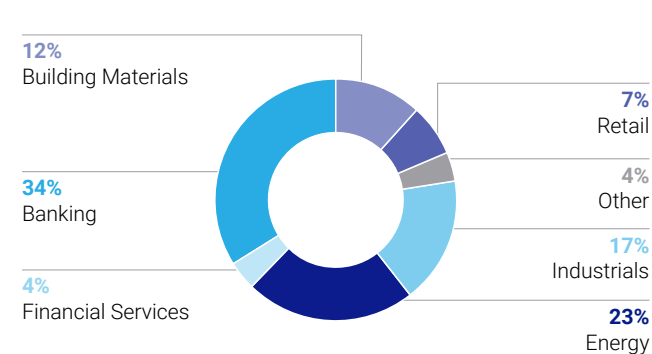
* Excludes one offs and IFRS 16 impact in retail

Combined EBITDA* Shares



* Excludes one offs and IFRS 16 impact in retail

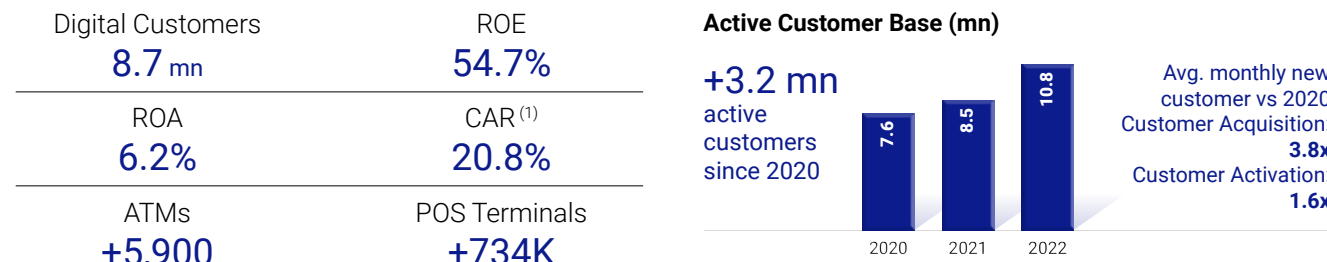
NAV Shares



* Excludes cash

Banking

AKBANK



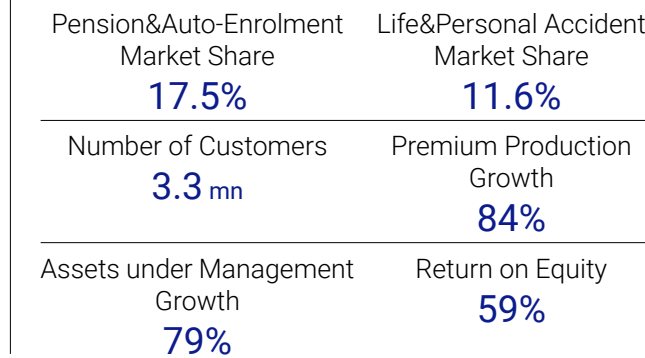
(1): w/o forbearances: Fixing MIM losses of securities & FX rate for RWA calculation to 2021YE FX rate

Financial Services

AKSigorta



AGESA

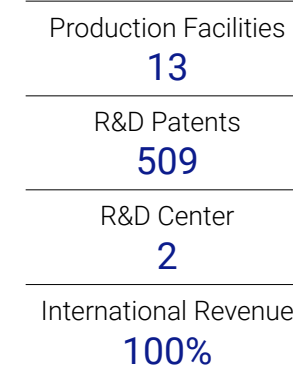


Industrials

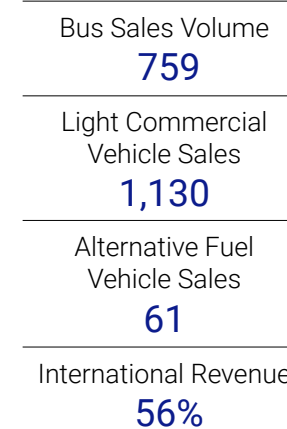
BriSA



KORDSA



TEMSA

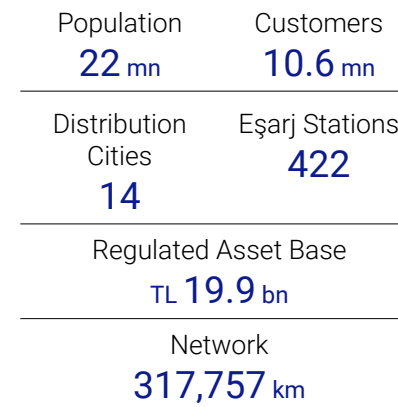


TEMSA

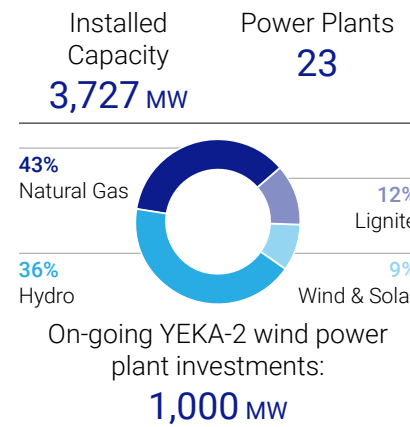


Energy

ENERJİSA



ENERJİSA ÜRETİM

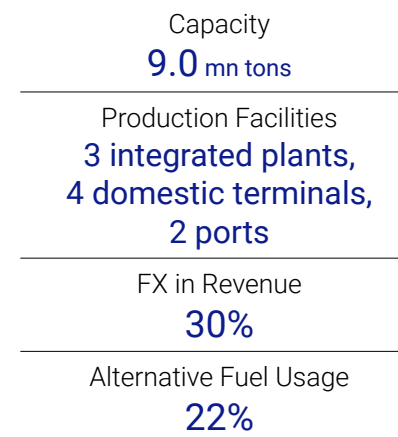


SABANCI CLIMATE TECHNOLOGIES

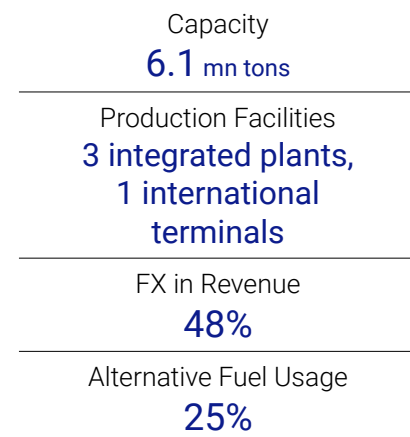


Building Materials

AKÇANSA



ÇİMSA

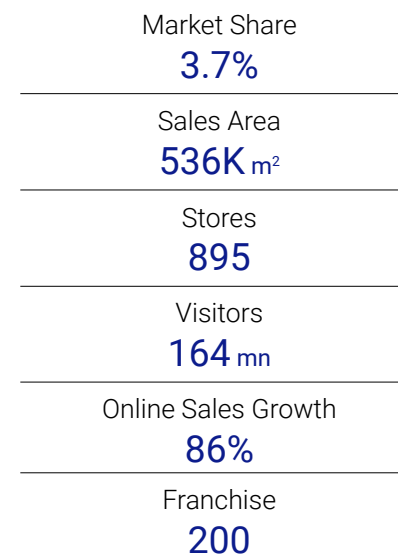


SABANCI BUILDING SOLUTIONS

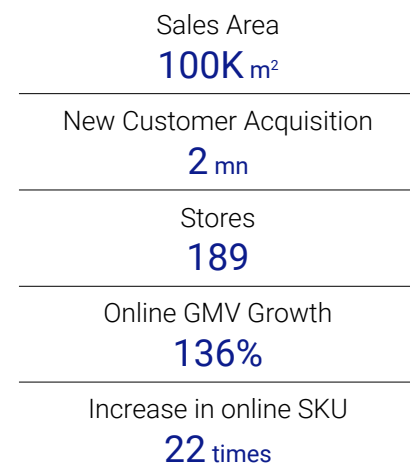


Retail

Carrefour SA



TEKNO SA



Digital

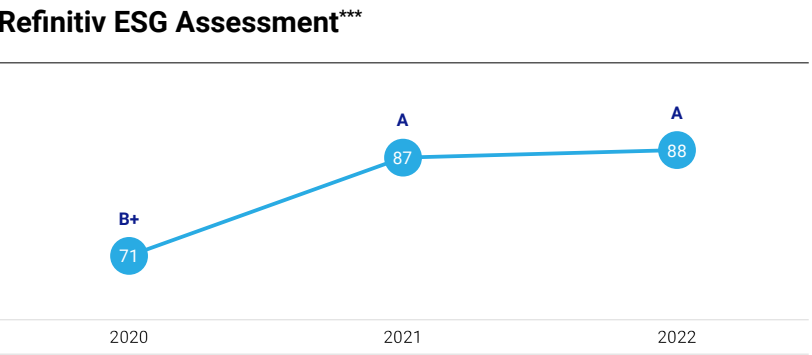
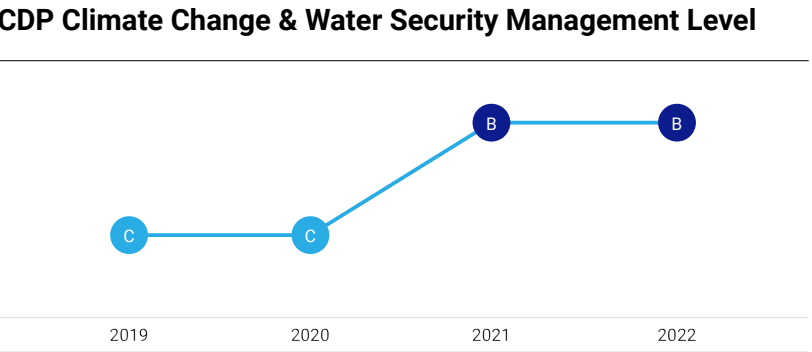
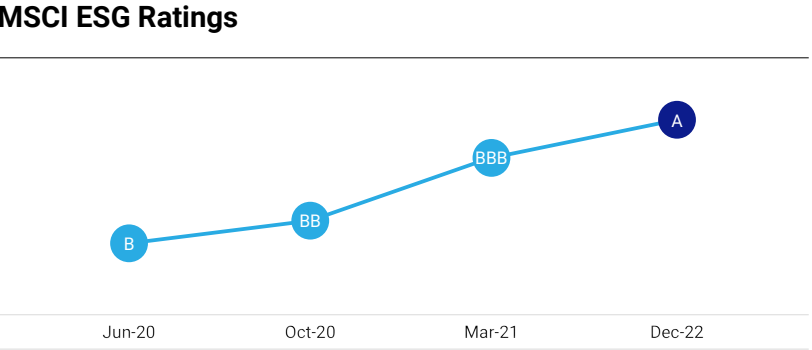
SABANCIDx



As of year-end 2022, Sabancı Holding and its listed 11 subsidiaries’ shares constitute around 6% of the total market capitalization of Borsa Istanbul.

Free Float Ratios
SABANCI HOLDİNG 50%
AKBANK 51%
AGESA 20%
AKSIGORTA 28%
ENERJİSA ENERJİ 20%
BRISA 10%
KORDSA 29%
AKÇANSA 21%
ÇİMSA 36%
CARREFOURSA 11%
TEKNOSA 50%

Resource: Central Securities Depository of Türkiye, as of 31.12.2022



* Twice in a row.
** Diversified Financials Category
*** Investment Holding Companies

Sabancı Group in Brief

Sabancı Group unites Türkiye and the World, for a sustainable life with leading enterprises through its performance culture, dynamic portfolio management and value creation via data driven ecosystem.

Hacı Ömer Sabancı Holding A.Ş. (Sabancı Holding), Türkiye's leading conglomerate, is a holding company engaged in a wide variety of business activities through its subsidiaries and affiliates, mainly in the banking, financial services, energy, industrials, building materials, digital and retail sectors. Sabancı Holding is domiciled in the Republic of Türkiye, with headquarters in İstanbul.

Sabancı Holding coordinates and supports the finance, strategy, business development, legal, human capital and sustainability functions of Group companies. The Holding aims to ensure that Group companies operate in a manner that is profitable and sustainable with favorable competitive conditions. In addition, Sabancı Holding sets and monitors the corporate governance practices that apply across Sabancı Group.

Sabancı Holding is managed by an Executive Committee, a team of top level executives including the Chief Executive Officer, Group Chief Financial Officer, Strategic Business Unit Presidents and function-based Group Presidents.

The Executive Committee is mainly responsible for major capital allocation decisions and reports to the Board of Directors, which is the ultimate decision-making body of the Holding.

The Board of Directors has four sub committees: Audit Committee, Corporate Governance, Nomination and Remuneration Committee, Early Detection of Risk Committee and Sustainability Committee, each of which directly reports to the Board of Directors in regard to their areas of function.

Sabancı Holding defines its holding value-add in three pillars: performance culture, dynamic portfolio management, and value creation via data driven ecosystem. Under the Holding's performance culture, a short-term and long term management incentive system is adopted across the organization. Performance evaluation is conducted on an annual basis, involving various financial and non-financial criteria. Revenue, EBITDA, free cash flow and the relative total shareholder return (rTSR) of listed companies are financial key performance indicators (KPIs)*. Meanwhile, the improvement in ESG ratings and actions to reach the Group's Net Zero Emission and Zero Waste by 2050 target are the non financial KPIs*. Net Asset Value (NAV) growth and rTSR are among the KPIs used in determining long term incentives.*

In dynamic portfolio management, Sabancı Group focuses on growth and strengthening its market leading positions in its core businesses and investing in new growth platforms, particularly in energy and climate technologies, advanced material technologies, digital technologies and healthcare ecosystem. The Group's overarching goal in its approach to dynamic portfolio management is maximizing shareholder returns while maintaining its healthy balance sheet structure.

Operating as a value-focused, data driven ecosystem to support innovation and transformation across the Group, Sabancı Group companies have investments in 14 countries worldwide and supply their products and services around the world. Sabancı Holding's multinational business partners include leading global companies such as Ageas, Bridgestone, Carrefour, E.ON, Heidelberg Materials, and Skoda.

Sabancı Holding is registered with the Capital Markets Board, the securities regulator of Türkiye. Since 1997, Sabancı Holding has been listed on Borsa İstanbul. The Sabancı Family jointly controls Sabancı Holding as a majority shareholder, while 49.61% of the Holding's shares is publicly traded. As of year-end 2022, Sabancı Holding and its listed 11 subsidiaries’ shares constitute around 6% of the total market capitalization of Borsa İstanbul. In 2022, Sabancı Group reported combined revenue of TL 404 billion and consolidated net income of TL 44 billion.

*KPIs are not limited to the examples cited here.



INVESTMENT CRITERIA

PERFORMANCE CRITERIA

CAPITAL ALLOCATION CRITERIA

Strategic Criteria

- Consistency with Sabancı Group's prioritized investment areas ('New Economy')
- Share of International Revenues
- Share of FX Revenues
- Lower exposure to regulated industries
- Contribution to Sabancı Ecosystem (Transferability of current competencies)

Sustainability

- Consistency with Sabancı Group's responsible investment policy
- Decarbonization potential
- Contribution to sustainable development goals

Financial Criteria

- Sector growth potential > Real GDP growth

Short-Term Financial KPIs

- Revenue, EBITDA, rTSR, free cash flow, net financial debt, working capital, market share

Short-Term Non-Financial KPIs

- Actions taken to tackle the climate crisis, reduce plastic usage, improve ESG scores, execute on diversity and inclusion, promote Future of Work, and boost operational excellence

Long-Term KPIs

- rTSR, NAV growth, free cash flow, equity growth

Grow and Protect the Core

- Strengthen our market leading positions
- Profitable growth driven by customer centricity

Invest in New Platforms

- 75% of non-bank capex for transformation & adjacencies focusing on:
 - Energy and Climate Technologies
 - Advanced Material Technologies
 - Digital Technologies

Keep Healthy Balance Sheet

- Net debt to EBITDA of $\leq 2x$
- Healthy use of capital & debt

Maximize Shareholder Return

- Dividend Policy: 5%-20% of net income
- Share Buyback Program
 - Up to 5% of paid-in capital: 102 million shares
 - Total funds allocated: TL 3.25 billion
- Long-term Incentive Plan: NAV Growth & rTSR

Note: All aforementioned criteria are not limited to the examples included above.

Message from the Chair

At Sabancı Group, we create lasting value for the world while supporting our pioneering vision with our ‘new economy’ investments.

Dear Shareholders, Stakeholders, Business Partners, and Esteemed Employees,

We were all deeply saddened by the large-scale earthquake disaster with the epicenter of Kahramanmaraş, Türkiye on February 6, 2023. From day one, Sabancı Holding has been working hard to help heal the wounds of our employees, their families, and all those affected across the 11 provinces impacted by the historic disaster. Unfortunately, our Group suffered losses as well. I wish God’s mercy on all the unfortunate victims. I extend my condolences to their bereaved families and relatives, while wishing a speedy recovery to those injured and wounded. It is also my hope that our country recovers quickly from these deep and painful wounds.

In the wake of the pandemic, 2022 was a difficult year. Extraordinary events and developments on a global scale – ranging from the economy to politics, energy to finance – caused uncertainties to increase even further across the world.

In light of these developments, Sabancı Group moved forward on the course laid out by its strategic roadmap which was developed with a long-term perspective. Sustainability remains our guiding principle and how we add value to our stakeholders.

Our Group companies grew even stronger both at home and abroad this year, thanks to actions taken in accordance with the Sabancı Group Purpose and strategic priorities.

With the economic and social impact they create in Türkiye, Sabancı Group companies serve as pioneers and set an example in their respective industries. Even during these difficult times, we have steadfastly adhered to our principle of “Sharing what we have obtained from this land with its people.” This principle has shaped all our activities as a Group for nearly 100 years.

Sabancı Group is nearly as old as the Republic of Türkiye. As a result, we have seen our gains as our country’s gains since the day we were founded. From our start, we believed that the principles and values of the Republic were the greatest driving force of Türkiye’s modernization journey. In line with this approach, Sabancı Group has always taken our home country one step further with all our investments.

With the responsibility under our purpose to “unite Türkiye and the World,” we have taken our vision of “Türkiye’s Sabancı” to the next level by adopting a new, more ambitious vision: “Sabancı of the World.”

While carrying their know-how abroad through their international moves, our Group companies are taking major steps to bringing the world’s latest technologies to Türkiye. Sabancı Group opens the door to a world where our shareholders, employees, investors, and all other stakeholders will gain more value...

At Sabancı Group, we create lasting value for the world while supporting our pioneering vision with our ‘new economy’ investments. Thanks to our forward-looking responsible investments in energy and climate technologies, advanced material technologies, and digital technologies, we bolster Sabancı’s long-standing mission of setting an example for Türkiye and the world.

Every step we took in 2022 was focused on economic, environmental, and social impact. Meanwhile, the Group’s sustainability efforts within the scope of its commitment to Net Zero Emissions by 2050 continued to set an example globally. In this sense, three of the nine companies from Türkiye in the CDP (Carbon Disclosure Project) Global A List were from Sabancı Group. In the MSCI ESG rating, one of the world’s leading ESG (Environmental, Social and Governance) benchmarks, Sabancı Group has boosted its score three levels over the last three years. In 2022, the Group reached the coveted A rating.



Every step we took in 2022 was focused on economic, environmental, and social impact.

Goals, strategies, and projects are undoubtedly very important concepts to measure the progress that institutions make. However, these concepts mean nothing without human capital. Without doubt, employees have the biggest contribution in preserving existence of institutions and achievement of their goals. Employees form both the strength and the vision of Sabancı Group. We are happy to mobilize this strength, commitment, and vision not only to move our Group forward, but also to advance social development in Türkiye.

Sabancı Republic Day Campaign – initiated last year in Adana, where our Group was founded – has transformed into Türkiye’s highest attended social responsibility initiative in 2022. 15 thousand Sabancı Volunteers went out into the field with 242 events we held in 48 provinces across Türkiye.

Once again this year, Sabancı Group dedicated all its volunteer work during the year to Türkiye’s Great Leader Mustafa Kemal Atatürk on November 10. This is another source of great pride for us. Our Republic Day Campaign is very valuable in terms of contributing to the country’s social development, as well as raising awareness about volunteering in Türkiye.

Currently, the world is undergoing a period of upheaval and transformation. During this time of great change, Sabancı Group determines its strategic direction by focusing again on people and society.

Sabancı Group will record accomplishments of the future with the legacy of the past and the efforts of today.

We are constantly working for a sustainable and equitable world with our ‘new economy’ investments coupled with our strong financial performance.

While managing its portfolio with a dynamic approach, Sabancı Group plans to create additional value with the power of technology and innovation, while making the world a sustainable place to live in the 100th anniversary of our Republic.

I would like to thank all our stakeholders for their ongoing support to Sabancı Group.

Yours sincerely,

GÜLER SABANCI
Chair

Letter from the CEO

In line with our Group Purpose and aim to become “Sabancı of the World”, a major step toward realizing a major transformation across all Sabancı Group companies was taken with the strategic decision to focus on ‘new economy.’

Dear Shareholders, Stakeholders, Business Partners, and Esteemed Employees,

Türkiye experienced the most catastrophic earthquakes in the history of the Republic on February 6, 2023. Earthquakes centered in Kahramanmaraş affecting 11 of the country's provinces deeply saddened us all. Since the first day of the disaster, Sabancı Group and Sabancı Volunteers have been actively providing support across the region. At Sabancı Group, we are also heartbroken by the loss of our colleagues throughout the impact area. We pray for God's mercy on our deceased colleagues, families, service providers and business partners, and all of our fellow citizens whose lives were lost. We extend our deepest condolences to their bereaved families.

We know that this process is a marathon. We plan to remain on the ground until all wounds are healed in order to build a hopeful future for our nearly 7 thousand employees, their families, and everybody affected by the earthquake throughout the region. It is my hope that Türkiye will recover quickly from this catastrophic disaster. Everyone at Sabancı Group extends their condolences to our grieving nation.

2022 was a year of great uncertainty as the world faced multiple global problems and crises at the same time. Disruption of supply chains and logistics processes caused by the Covid-19 pandemic raised costs in almost every sector of the global economy, triggering worldwide inflation. The war between Russia and Ukraine raised energy prices. Withdrawal of many Western international institutions and companies from Russia, as well as economic sanctions imposed on that country, threw the global economy into disarray. In addition to the diplomatic crisis between NATO and Russia, heated competition in the technology industry, carried over from previous years, spilled over into the political arena, in particular stoking the Taiwan conflict between the United States and China.

Following all these major developments, the concern of billions of people around the world about pandemic disease has been replaced by concerns about heating costs, food supply, and even a hot war. After the pandemic, we came to see how intricately interconnected the world is today, and how a crisis anywhere on the planet can affect us all.

The uncertainty we experienced over the past year made clear two key points: the importance of sustainability in every field and industry, and the importance of anticipating risks and taking effective action.

At Sabancı Group, we have achieved an exceptional performance both financially and operationally despite challenging operating environment shaped by uncertainties and economic slowdown. In 2022, our turnover, EBITDA, and net profit tripled compared to the previous year. Consolidated net profit this reporting period amounted to TL 44 billion. In 2022, Sabancı Group undertook new investments across all of our business lines by ramping up its investment spending by 2.5 times. Our return on equity rose to 45% and our earnings quality further improved compared to previous year. Consequently, our non-bank net financial debt/EBITDA declined further, reaching 0.4x. This exceptional performance clearly demonstrates Holding's and our Group Companies' financial excellence approach especially in balance sheet management. This approach will provide an important cushion against volatility, while enabling us to look at future opportunities even during the most difficult time.

In addition to this strong financial performance and in line with our dynamic portfolio management approach, Sabancı Group implemented key portfolio initiatives that enabled it to create more value for its stakeholders in 2022. In this context, we completed the transfer of all our shares in PHILSA and PMSA to Philip Morris Products S.A. (PMP S.A.) and/or its affiliates.

Sabancı Group aims to channel 75% of investments to ‘new economy’.



Sabancı Group is aware of the significance of these financial indicators and performance for all the parties in the economy, especially for its stakeholders. However, these indicators on their own do not mean much. Financial performance needs to serve sustainable living. Business achievements need to be a driving force for providing social and environmental benefits. In today's fast-changing and transforming world, an enterprise must demonstrate the indicators it uses to measure business value that guide its activities, the higher purpose for which employees rally around, and what the organization offers and contributes to the planet, country, and society that it is a part of.

This approach also underlies the Sabancı Group Purpose which succinctly describes our vision and purpose: “We unite Türkiye and the World for a sustainable life with leading enterprises.”

In line with our Group Purpose and aim to become “Sabancı of the World”, a major step toward realizing a major transformation across all Sabancı Group companies was taken with the strategic decision to focus on ‘new economy.’

On the way to position Sabancı Group companies at the top of the global leagues, we plan to invest twice as much over the next five years as compared to the previous five-year period.

While directing 25% of its non-bank investments to existing business lines, Sabancı Group aims to channel 75% of this investment spending in energy and climate technologies, advanced material technologies, and digital technologies – which we call ‘new economy.’

The climate emergency is a reality of today...

Radical steps must be taken not only to fight against climate emergency, but also to guarantee human life in the future and to ensure the sustainability of life on our planet. While the discovery and storage of renewable clean energy and alternative energy sources are promising first steps toward these objectives, the work does not stop there. There are many additional steps to be taken – such as resource allocation and cooperation with the academic world – to find innovative and long-term solutions.

Letter from the CEO

On the way to position Sabancı Group companies at the top of the global leagues, we plan to invest twice as much over the next five years as compared to the previous five-year period.

Energy is at the forefront of our business lines that are leading this transformation at Sabancı Group. In 2022, our Enerjisa Üretim company commissioned Türkiye's first unmanned hydroelectric power plant. Kayseri Erciyes Wind Power Plant (WPP), with an installed capacity of 65 MW, was also put into operation during the year. In addition, Akhisar WPP with an installed capacity of 55 MW was acquired in 2022. Additional wind energy capacity totaling 1,000 MW is scheduled to go into operation in the coming period with an investment of USD 1.2 billion. As a result, Enerjisa Üretim will strengthen its position in Türkiye's private sector electricity generation by reaching a total installed capacity of about 4.7 GW. By 2023, 57% of the company's electricity generation will originate from renewable resources.

In the e-mobility sector, Enerjisa Enerji owns a majority stake in Eşarj, which won a tender to install 495 fast charging stations for electric vehicles. This major project is currently underway. At year-end 2022, Eşarj is Türkiye's first and fastest EV charging station network with 647 charging sockets at 290 public locations, 485 of which are fast charging sockets.

This year, we established Sabancı Climate Technologies company to carry our renewable energy investments beyond Türkiye while making strategic investments in various US-based venture capital funds and start-ups. During the year, Sabancı Group made a fund investment as a result of its strategic partnership with Safar Partners in the United States, as well as direct investments in high profile start-ups Commonwealth Fusion Systems and Quaise Energy. Our investments in these models of disruptive innovation in energy and climate technologies demonstrate our vision of becoming a playmaker in the world of the future, as well as our purpose to unite Türkiye and the World. In line with our goal to form a renewable energy portfolio in the USA, we completed the acquisition of a project license to establish a 272 MW solar power plant in that region. While completing the engineering, procurement, and construction contract (EPC) processes for the power plant investment, we aim for the project to be completed by mid-2024.

In recent years, Sabancı Group has embraced digital transformation. We have made great advances in this arena particularly in industrial production and R&D, as well as with the digitization of business processes of our Group companies. Sabancı Group has recorded its biggest leap forward in advanced material technologies, one of the focal areas of its digital transformation, at Kordsa. This year, Kordsa signed a strategic cooperation agreement with Toledo Solar Inc., a manufacturer of new generation thin-film solar panels based in Ohio, USA. Additionally, Kordsa acquired Italy-based Microtex Composites, a producer of carbon fiber fabrics and prepregs for the super luxury automotive industry and motor sports in Europe. In 2022, Kordsa announced a USD 20 million cord fabric investment in North America and a USD 22 million investment in Türkiye. Meanwhile, the company's existing domestic and international investments are operating with robustness and stability. Our Brisa company acquired Arvento to facilitate synergy efforts among Sabancı Group companies and bolstered our strategic focus on creating value from data. By focusing on customer-oriented transformation and digitalization, Teknosa ramped up its efforts to transform into a digital platform with physical stores. In 2022, Teknosa implemented its marketplace business model with great success.

At Sabancı Group, we aim to step up our investments in cyber security, digital marketing, advanced data analytics, and the internet of things – our four main focus areas in digital technology. Through SabancıDx, the Group acquired a majority stake in Radiflow*, one of the world's leading start-ups in cyber security, especially in operational technologies, and SEM, operating in data-driven digital marketing. We are actively supporting early-stage startups in Türkiye with our corporate venture capital fund, Sabancı Ventures. We support entrepreneurs both within and outside the Group in implementing their ideas via Sabancı ARF Almost Ready to Fly program. This initiative started within the Holding and has already received a large number of applications from promising entrepreneurs. With these and similar efforts, Sabancı Group is leading the way in spreading an open innovation culture across the business world and playing a central role in Türkiye's technological development.

The importance of sustainability and digital technologies is increasing every day around the globe. Sabancı Group's pioneering role in these burgeoning areas is a key factor driving continuous development at the Group and its ability to create value for all its stakeholders.

In 2022, Sabancı Group demonstrated its strength on the global stage once again at the annual meeting of the World Business Council for Sustainable Development (WBCSD) in Tokyo. We have been a member of WBCSD since 2020. The Group participated at the highest level in WBCSD, one of the world's most effective business platforms in the field of sustainability. Sabancı Group shared its best practices with WBCSD attendees. The resoundingly positive feedback we obtained at this major event in Tokyo showed us that we are on the right track. Our participation at this annual meeting encouraged us to further pursue the concept of sustainable life and strengthened our resolve in this critical field.

Efforts to fulfill our responsibilities in social and governance areas as well as the environmental domain using an integrated approach to sustainability is moving forward at full pace.

We have transformed the Sabancı Republic Day Campaign – initiated last year in Adana, the founding site of our Group – into Türkiye's highest attended social responsibility initiative this year.

Sabancı Group has expanded the impact area of its volunteer work from 11 provinces two years ago to 48 provinces in 2022. Sabancı Volunteers carried out the fieldwork throughout the year on four main topics: Preparing Youth for the Future, Women's Participation in the Workforce, Preventive Response against the Climate Emergency, and Supporting Biodiversity. We renovated schools and built classrooms so that Türkiye's children could receive education in better conditions. We provided technology trainings to 1,400 women to integrate them into the workforce. We also raised awareness of gender equality among 4,200 young people.

This year, Sabancı Group took measures to have an impact on 75 thousand hectares of forest area to address the climate emergency. For rapid response to wildfires, we built eight fire pools – one in Adana and Çanakkale, and three in Antalya and Muğla – each with a 600-ton capacity. We planted 208 thousand saplings in 2022. We collected eight tons of waste from Türkiye's forests. In addition, Sabancı Group carried out dozens of other projects and efforts that will improve the country environmentally and socially. On November 10, we dedicated all our volunteer work to Türkiye's Great Leader Mustafa Kemal Atatürk, as we did the previous year.

Dear Stakeholders,

We are also very happy to see that our many achievements this fiscal year were recognized by investors. In 2022, our discount rate declined to 25% while our net asset value recorded strong growth. These key indicators demonstrate the extent to which our Group Purpose and strategic priorities were embraced by our investors.

As we have emphasized many times in the past, Sabancı Group implements pioneering and exemplary practices to achieve its medium-term goals, especially in the target categories of growth, return on capital, and sustainability.

During this fiscal year, we boosted the maximum amount of funds allocated to our Sabancı Holding share buyback program from TL 1.75 billion to TL 3.25 billion. This stock repurchase program was launched the prior year to provide a more appealing long-term investment opportunity to our investors. The share buyback effort continued successfully in 2022.

In the coming period, together with our investors, we aim to maintain Sabancı Group as one of the most important players in the world's value ecosystem.

We see our 'new economy' investments as going hand in hand with our vision of 'Sabancı of the World'. Sabancı Group will have a strong presence in the technologies of the future on a global scale, while continuing to mobilize its gains abroad for Türkiye and its economy.

I would like to express my endless gratitude to you for accompanying Sabancı Group on this journey.

Yours sincerely,

CENK ALPER
Member of the Board of Directors and CEO

* Sabancı Group acquired a 51% stake in Radiflow.

Investor Relations, Dividend Policy and Share Buyback Program

Sabancı Holding’s investor relations philosophy depends on maintaining communication to ensure a clear, comprehensive and consistent dialogue with the investment community.

Sabancı Holding sees investor relations as a two way communication channel between the investment community and the management of Sabancı Holding. With this perspective, Sabancı Holding’s investor relations philosophy depends on maintaining communication to ensure a clear, comprehensive and consistent dialogue with the investment community in a timely and transparent manner in strict compliance with regulatory requirements and the corporate disclosure policy. At the same time, the investor relations team provides investor feedback to management regarding the outcome of the Group’s performance and strategic moves as well as potential market reaction to stock price sensitive actions. Investor relations activities at Sabancı Holding are designed to develop and strengthen this relationship, aiming to achieve a fair market value for all Group companies, and lower the cost of capital in order to maximize shareholder return.

In line with the Communiqué on Corporate Governance issued by the Capital Markets Board (CMB), Türkiye’s securities regulator, Sabancı Holding has an Investor Relations Department operating under the Finance Group which closely adheres to all applicable legal and regulatory rules and requirements. In addition to its primary responsibilities pursuant to domestic regulations and corporate policies, Sabancı Holding Investor Relations Department undertakes a wide range of critical functions, including:

- Coordinating and supporting the finance, investor relations and legal functions of Group companies, and providing the necessary consultancy services to help them comply with requirements set out by Turkish Commercial Law and Capital Markets Regulations.
- Establishing corporate governance standards that apply across Sabancı Group, and monitoring the efficiency and uniformity of corporate governance practices of Group companies for the benefit of all stakeholders of the Group.
- Representing Sabancı Group before official institutions and organizations such as the Ministry of Trade, Ministry of Treasury and Finance, Capital Markets Board, Borsa Istanbul, Turkish Industry and Business Association, Turkish Investor Relations Society, and the Corporate Governance Association of Türkiye, and looking out for the interests of Sabancı Group within such organizations.

Investor Relations 2022 Activities
Sabancı Holding’s 2021 Annual General Assembly Meeting was held on 30 March 2022 in accordance with legal and regulatory requirements, the Articles of Association and other internal policies. Documents required to be submitted for the information and review of shareholders regarding the Annual General Assembly Meeting were fully and completely prepared by the Investor Relations Department and were announced to the public in a timely manner.

As of 1 March 2023, the Investor Relations Department prepared and announced the Sabancı Holding Corporate Governance Compliance Report as well as the Sustainability Compliance Report in coordination with the Sustainability Department. The contents of these reports demonstrate Sabancı Holding’s commitment to corporate governance and sustainability as key factors that have long supported the Group’s financial and operational excellence. Presently, Sabancı Holding complies with domestic corporate governance and sustainability principles at a rate of 97.8% and 100%, respectively. Details are provided in the Corporate Governance section of this Annual Report.

In 2022, Sabancı Holding introduced a Group-wide Responsible Investment and Due Diligence Policy in line with its commitment for doing business responsibly. This policy was designed to ensure that Sabancı Holding’s capital allocation decisions comply with the Group’s sustainability goals and improve the Group’s ESG performance across the entire value chain.

Sabancı Holding Investor Relations Department works to continuously improve its investor communication channels including the corporate Investor Relations website. After a long development process in 2022, the Investor Relations Department launched a human-like natural language processing (NLP), machine learning and artificial intelligence (AI) powered digital investor relations assistant – named SirA (Sabancı Investor Relations Assistant) – in February 2023. This innovative chatbot was developed and trained to answer frequently asked investor relations questions virtually – a first of its kind in Türkiye. SirA provides a best-in-class investor relations experience to Sabancı Holding’s investors and stakeholders visiting the Investor Relations website (<https://yatirimciiliskileri.sabanci.com/en/>) by understanding investor and stakeholder requests with a very high accuracy and rapidly delivering either a text- or voice-based response using the latest in advanced technology.

As part of efforts to maintain healthy communications with the entire investment community, the Investor Relations Department engaged in a wide range of activities and events in 2022. Non deal roadshows, conferences, teleconferences virtual meetings and one-on-one visits (to local institutional investors) were conducted with a total of 555 institutional investors and analysts from Türkiye and abroad. The Investor Relations Department also responded to numerous requests from both institutional and retail investors in addition to sell-side equity analysts by telephone and e mail throughout the year. In addition, four web conferences were held during the year to communicate quarterly financial results with the investment community.

In 2022, the Sabancı Holding Investor Relations Team organized its first Digital Day with the participation of the Chairman of SabancıDx, DxBV and its subsidiaries, and Sabancı Holding Group Chief Financial Officer. This first-time event was held to inform the investment community about the restructuring of Sabancı Group’s digital business, the latest acquisitions and the future outlook in the digital arena. During the year, Banking Day – another first, Energy Day, Industrials Day and Financial Services Days were held with the participation of Sabancı Holding Strategic Business Units Group Presidents and Group Chief Financial Officer to provide sector based strategies in the Group’s respective businesses. Separately, Analyst & Portfolio Managers Day was organized with the participation of Sabancı Holding Chief Executive Officer on SabancıDx campuses to provide the latest updates on Sabancı Holding’s capital allocation criteria, ongoing investments and midterm strategy. Separately, the Sabancı Holding Investor Relations Team was more focused on in-Group activities in 2022 compared to previous years.

International Rewards
Sabancı Holding’s Investor Relations team and its successfully executed program was acknowledged by investment professionals in Europe, Middle East and Africa (EMEA) and was awarded with the “Best Overall Team in Investor Relations in EMEA” among 251 companies in 29 countries and “Best Company in Investor Relations in Industrials Sector in EMEA” among 18 companies. Winning companies are determined by the votes of sell-side and buy-side global investment professionals based on Institutional Investor’s Emerging EMEA Executive Team survey, the world’s most comprehensive and prestigious research survey for independent performance validation and qualitative market intelligence.

Additionally, Sabancı Holding ranked first among BIST 30 companies in all categories – “Best CEO,” “Best CFO,” “Best IR Professional” and “Best IR Program” – at the Investor Relations Awards Ceremony, organized jointly with the Turkish IR Society (TUYİD) and Institutional Investor.

Share Buyback Program
Sabancı Holding initiated a share buyback program pursuant to its Board of Directors decision dated 9 November 2021. With this program, Sabancı Holding aims to support the price performance of SAHOL shares in the equity market, and reduce the net asset value discount by bringing SAHOL shares closer to its fair value. The share buyback program aims to provide shareholders with a more attractive long-term investment opportunity. Under the program, a maximum of 102 million ordinary shares were to be repurchased, the equivalent of 5% of total shares outstanding. The Board of Directors set a total maximum fund allocation for the buyback effort at TL 1.75 billion.

Later on 19 December 2022, Sabancı Holding extended its share buyback program upon utilizing 85.4% of the initial budget, boosting the total allocated budget by TL 1.5 billion to TL 3.25 billion.

As of 31 December 2022, the net number of ordinary shares repurchased amounts to 37.1 million, or 1.82% of the total shares outstanding.

Investor Relations, Dividend Policy and Share Buyback Program

The share buyback program aims to provide shareholders with a more attractive long-term investment opportunity.

Breakdown of Shareholders Holding More Than 5% of the Capital and Voting Rights

Shareholder	Share in Capital (TL)	Share in Capital (%)	Voting Right Ratio (%)
Sakıp Sabancı Holding Anonim Şirketi	287,100,000.56	14.07	14.07
Serra Sabancı	147,370,880.80	7.22	7.22
Çiğdem Sabancı Bilen	141,566,960.87	6.94	6.94
Suzan Sabancı Dinçer	141,566,960.87	6.94	6.94
Other	1,322,799,127.90	64.83	64.83
Total	2,040,403,931.00	100.00	100.00

*As of 31.12.2022

Dividend Policy

Sabancı Holding's Dividend Policy is to distribute dividend up to 20%, but not less than 5% of the distributable profit of the year as calculated in accordance with the Turkish Commercial Code, Capital Markets Legislation and its Articles of Association, in the form of cash and/or in shares. The implementation of this policy is determined by the General Assembly in accordance with Sabancı Holding's medium and long_term strategies as well as the domestic and global economic conditions. Dividends are distributed to the holders of all shares, regardless of their date of issuance or acquisition, equally within the legally mandated timeframes on the date determined by the Board of Directors after the approval of the General Assembly of Shareholders.

Dividend Performance (TL Million)	2018	2019	2020	2021	2022
Dividends Received	1,212	601	492	1,562	2,114
Dividends Paid	612	612	673	714	1,530
Dividends Paid/Received	51%	102%	137%	46%	72%
Consolidated Net Income	3,830	3,780	4,768	12,032	43,828
Dividends Pay Out Ratio	18%	16%	18%	15%	13%



For Further Detailed

