

PINAR SÜT ANNUAL REPORT

2023



Relevant Accounting Period of the Report

01.01.2023 - 31.12.2023

Trade Name

Pınar Süt Products Industry Inc.

Trade Registry and Number

Izmir Trade Register 45251 K: 1912

Registered Equity Ceiling

TRY 80,000,000.00

Issued Capital

TRY 44,951,051.25

Contact Information**Headquarters**

Yunus Emre Mahallesi
Kemalpaşa Cad. No: 317
Bornova - İzmir
Tel: +90 (232) 436 15 15
Faks: +90 (232) 436 20 40
E-posta: info@pinarsut.com.tr

Factory-Izmir

Yunus Emre Mahallesi
Kemalpaşa Cad. No: 317
Bornova - İzmir
Tel: +90 (232) 436 15 15
Faks: +90 (232) 436 20 40

Factory- Şanlıurfa

Koçören OSB Mahallesi 205. Cadde No:5
Eyyübiye - Şanlıurfa
Tel: +90 (414) 502 00 00
Faks: +90 (414) 502 00 55

Website - Social Media

pinar.com.tr
pinarhepyanimda.com
pinarprotein.com
kido.com.tr
pinarenstitusu.org.tr
Dairy Expert (Pınar Institute Dairy Expert
Mobile Application)
pinarcocukresimyarismasi.com
facebook.com/pinarlayasam
x.com/PinarKurumsal
instagram.com/pinarlayasam
x.com/pinarhepyanimda
instagram.com/pinarhepyanimda
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Message from the Chairperson of the Board

In 2023, a year in which we proudly celebrated the 50th anniversary of our Company and the 100th anniversary of our Republic, we at Pınar Süt were also happy to introduce several innovations.

Dear Stakeholders,

We have closed the year 2023, in which we celebrated the 100th anniversary of the Turkish Republic, the result of a broad vision and a brave decision, with excitement, enthusiasm and pride with all our employees. In doing so, we have set new goals and ideals for the future of our Republic and our Group. May the Turkish Republic always endure, flourish in every sense and thrive over many centuries to come.

Türkiye struck by a major earthquake in 2023. As a nation, we have been trying to heal the wounds of the disaster, in which we lost tens of thousands of our citizens, by embracing each other in solidarity. Yaşar Group suffered a great personal loss in the first days after the earthquake. We said a sad farewell to our father Selçuk Yaşar, the Founder and Honorary President of our Group. Yaşar Group will continue to advance resolutely towards the future on the path paved by his values and the principles of "Science, Unity, Success." We remember our father Selçuk Yaşar with compassion, respect and gratitude.

We are proud to be the company that introduced UHT milk and packaged dairy products to Türkiye, and continue to develop innovative products and meet changing consumer expectations with our superior quality.

Although rising costs caused a decline in Türkiye's milk exports in 2023, Pınar Süt accounted for 17.5% of those exports. In line with our strategy of expanding into new export markets, we entered the Mauritian and Canadian markets in 2023. Meanwhile, our Company was the market leader in the spreadable cheese category until the Saudi Arabian market closed in 2020, and resumed exports in August 2023 as one of the five brands authorized to export to Saudi Arabia. With exports to 30 countries, we generated USD 36.4 million in revenue.

We continue to improve the quality of our products in line with our productivity targets. This approach plays a major role in our success in export markets. In 2023, we invested a total of TRY 135.5 million in several areas to increase productivity, raising the

bar even higher to develop tastier, higher quality products in line with consumer expectations. Some of these investments were made as part of "Project Feniks," the SAP S4/HANA Cloud Transformation Project implemented within the Digital Transformation process of Yaşar Group. By investing in SAP's new generation cloud technologies in 2023, we created a structure that is based on data, can make good forecasts, and offers instant reporting and analysis in all end-to-end processes.

Looking at our sales figures for 2023, we can say that with a sales volume of 272 thousand tons, we reaped the benefits of all the investments we have made so far by earning the appreciation of our consumers. In 2023, we achieved net sales of TRY 10,862.3 million. Our R&D Center plays a major role in these achievements. Two products that we launched following intensive works, Pınar Kefir Cup in the "Beverage Category" and Pınar Protein Suzme Cheese in the "Breakfast Products Category," were included on the "Most Innovative Products of the Year" list based on research conducted by YouGov Market Research and Survey Company. The achievements of our R&D Center do not end there. We developed 17 new products and 31 eco-friendly packages thanks to innovative works and completed numerous projects in 2023. As a responsible producer, we greatly value using eco-friendly packaging. In this context, we make sure that all our packaging is recyclable and eco-friendly. We are aware that sustainability is the only path to our common future.

We produced 313,617 m³ of biogas in total from treatment sludge and reduced our emissions by 560 tons of CO₂ in 2023 with the Biogas Plant that we commissioned at our Izmir facility. We also achieved savings in natural gas consumption by using biogas as fuel. At our Eskişehir facility, we saved 37,000 kWh of electricity by switching to LED tube lighting and reduced our CO₂ emissions by 22 tons by replacing four standard efficiency electric motors with high efficiency electric alternatives. At our Sanlıurfa facility, we saved 29,074 kWh of energy by investing in LED lighting. We continued to replace fluorescent lighting with LED lighting, saving 87,444 kWh of electricity annually, and we saved approximately 29 tons of steam per month in the initial phase by optimizing the steam used in production.



We continue our sustainability efforts even more intensively as we always strive to create social value. We act with a shared awareness of sustainability by including our stakeholders, suppliers and employees in these efforts. In this way, we are able to raise greater awareness and ensure cleaner, more economical production and distribution processes that respect both the planet and people. This year, 144 suppliers, which account for 78% of our Company's total purchasing volume excluding raw milk, signed the Pınar Süt Supplier's Guide, which includes detailed information on a wide range of issues from human rights to fair working conditions. In line with our corporate values and sustainability principles, we will continue to build strong collaborations with confidence.

Our Company does not see creating value for life and society only in terms of turnover and numerical values, which is why we fulfill our corporate social responsibilities based on our sustainability principles. Gender equality and the fight against discrimination remain important topics that we focus on as part of our sustainability efforts.

In this vein, we participated in the "Business Against Domestic Violence" project and published the protocol on 8 March 2023, International Women's Day. We hope that more companies from our industry join this project, which sets an example for the business world.

I thank all our stakeholders, shareholders, suppliers and employees who have supported Pınar Süt on this journey, which has raised at least two generations in harmony with the environment, hand in hand with our society.

Here's to 50 more years!

Best Regards,

İdil Yiğitbaşı

Chairperson of the Board of Directors

Board of Directors



İDİL YİĞİTBAŞI
CHAIRPERSON OF THE BOARD OF
DIRECTORS



E. FEYHAN YAŞAR
VICE CHAIRPERSON OF THE
BOARD OF DIRECTORS



METİN AKMAN
INDEPENDENT BOARD MEMBER



YEŞİM GÜRA
INDEPENDENT BOARD MEMBER



SEÇKİN ŞENOL
INDEPENDENT BOARD MEMBER



YILMAZ GÖKOĞLU
BOARD MEMBER



MEHMET AKTAŞ
BOARD MEMBER

** Resumes of the Board of Directors are available on pages 46-48.

Limits of Authority:

Both the Chairperson and the Members of the Board of Directors have the powers specified in the relevant Articles of the Turkish Commercial Code and Articles 10 and 11 of our Articles of Association.

Senior Management and Committees

BOARD OF DIRECTORS AND TENURES

NAME AND LAST NAME	TITLE	TERM OF OFFICE
İDİL YİĞİTBAŞI	CHAIRPERSON OF THE BOARD OF DIRECTORS	29.03.2023 - 29.03.2024
E. FEYHAN YAŞAR	VICE CHAIRPERSON OF THE BOARD OF DIRECTORS	29.03.2023 - 29.03.2024
METİN AKMAN	INDEPENDENT BOARD MEMBER	29.03.2023 - 29.03.2024
YEŞİM GÜRA	INDEPENDENT BOARD MEMBER	29.03.2023 - 29.03.2024
SEÇKİN ŞENOL (1)	INDEPENDENT BOARD MEMBER	09.10.2023 - 29.03.2024
YILMAZ GÖKOĞLU	BOARD MEMBER	29.03.2023 - 29.03.2024
MEHMET AKTAŞ	BOARD MEMBER	29.03.2023 - 29.03.2024

Corporate Governance Rating:

Pınar Süt's corporate governance rating was confirmed as 9.35 out of 10 in 2023.

SENIOR MANAGEMENT	NAME AND LAST NAME	POSITION
	SUAT ÖZYİĞİT	VICE PRESIDENT
	GÜRKAN HEKİMOĞLU	GENERAL MANAGER
	MUSTAFA ŞAHİN DAL	FINANCIAL AFFAIRS AND FINANCE DIRECTOR

AUDIT COMMITTEE	NAME AND LAST NAME	POSITION
	METİN AKMAN	CHAIRPERSON
	YEŞİM GÜRA	MEMBER

CORPORATE GOVERNANCE COMMITTEE	NAME AND LAST NAME	POSITION
	YEŞİM GÜRA	CHAIRPERSON
	METİN AKMAN	MEMBER
	YILMAZ GÖKOĞLU	MEMBER
	BARIŞ KAV	MEMBER

EARLY DETECTION OF RISK COMMITTEE	NAME AND LAST NAME	POSITION
	METİN AKMAN	CHAIRPERSON
	YEŞİM GÜRA	MEMBER
	SEÇKİN ŞENOL (2)	MEMBER

(1) The resignation of Mr. Kemal Semerciler, one of our Board Members, was accepted at our Company's Board of Directors meeting held on 09.10.2023 and the Board elected Mr. Seçkin Şenol as an Independent Board Member to fill the position vacated.

(2) Mr. Seçkin Şenol was elected as a member of the Early Detection of Risk Committee on 25.10.2023 to fill the position vacated by the resignation of Mr. Kemal Semerciler from the Board of Directors.

Company Profile

Pınar Süt, working for 50 years to contribute to the health of today's and future generations, adds value to the lives of young and old alike, but especially children.

Established in 1973 as the largest facility in the Middle East and the most advanced facility in Europe, Pınar Süt was the first brand to introduce "long-lasting" milk to Türkiye.

As a responsible producer, Pınar Süt has been adding to its product range in line with changing consumer expectations since its foundation. The Company primarily produces milk and dairy products such as milk, yoghurt, ayran, cheese, butter and cream, as well as fruit juice, pudding, ketchup, mayonnaise, mustard, honey, sauces, jams and powders in three modern factories in İzmir, Eskişehir and Şanlıurfa at European Union standards.

Pınar Süt prioritizes raw material quality to maintain its high standards, offering consumers healthy, delicious and high-quality products in domestic and international markets.

The Company contracts with 119 farms, supporting over 20 thousand dairy farmers and contributing to the growth of milk production in Türkiye.

Pınar Süt's business processes start with the supply of quality raw materials. The Company, which prioritizes human health and the sustainability of the planet in all its processes, closely follows the latest developments and modern technologies in its industry. Pınar Süt regularly updates its machinery and equipment, while meticulously addressing a wide range of issues from marketing to R&D, packaging to logistics, and quality improvement to product usage.

Pınar Süt continues its operations as a responsible producer with its timely investment decisions, sustainable working principles and environmental awareness.

Working to support the health of future generations with its delicious and nutritious products, Pınar Süt considers not only the physical development of children, but also their social development, helping more children discover their talents.

Pınar Süt supports sports and trains the basketball players of the future. Pınar Children's Theater has been introducing children to the artistic world for years. The International Pınar Painting Competition presents the first works of tomorrow's painters. Pınar Süt happily opens a new window in the lives of not one, not one thousand, but millions of children.

Prioritizing future generations in every field, Pınar Süt produces with zero waste in all its factories and has a zero carbon target for 2050. The Company does not walk into the future alone, but hand in hand with the valuable farmers who support its growth. Since the day it was founded, Pınar Süt has been guiding farmers with comprehensive training programs and standing by its suppliers with its expertise. Pınar Süt continues to add value to life, sustaining the same motivation for the coming 50 years.

Shareholding Structure

The shares of Pınar Süt are traded on the Borsa İstanbul Main Market under the symbol "PNSUT."

Information on privileges regarding Company shares can be found in the Legal Disclosures section of the Annual Report.

SHAREHOLDER	SHARE RATIO (%)	SHARE AMOUNT (TRY)
YAŞAR HOLDİNG A.Ş.	61,41	27.603.901,57
OTHER	38,59	17.347.149,68
TOTAL	100,00	44.951.051,25



You can access the shareholding data and investor statements by scanning the QR code with your mobile phone.

Yaşar Group

Pınar Süt continues its operations as a member of Yaşar Group, which adds value to the Turkish economy, society and the environment with the principle of “working non-stop, producing and contributing to the country” and the ideal of “providing a better life.”


Today, the Group remains among the leading industrial groups of the Turkish economy with 21 companies, 25 factories and facilities, two foundations, 7,500 employees, over 1,000 dealers and more than 200,000 sales points across its operations.

Leading Brands in Different Industries

Yaşar Group continues to create strong brands and offer products and services in the domestic and international markets with its highly committed employees and business partners. The shares of Yaşar Holding subsidiaries Pınar Süt, Pınar Et, Pınar Su ve İçecek, Dyo Boya, Viking Kağıt and Altın Yunus Çeşme, which operate in the trade and service and sanitary paper industries, in addition to their main business lines of food, beverage and coatings, are traded on Borsa İstanbul.

Aiming to control and minimize the environmental impact of all its activities, the Group is committed to making all its stakeholders partners in its sustainability approach and targets, while expanding its impact. Yaşar Group continues to create value for Türkiye and the wider world, and to offer a better life to all its stakeholders with its corporate values that include Our Consumers and Customers Come First, Operational Excellence, and with its Human Resources, Ethical Stance, and Environmental and Social Responsibility.



 You can find detailed information about **Yaşar Group** here.

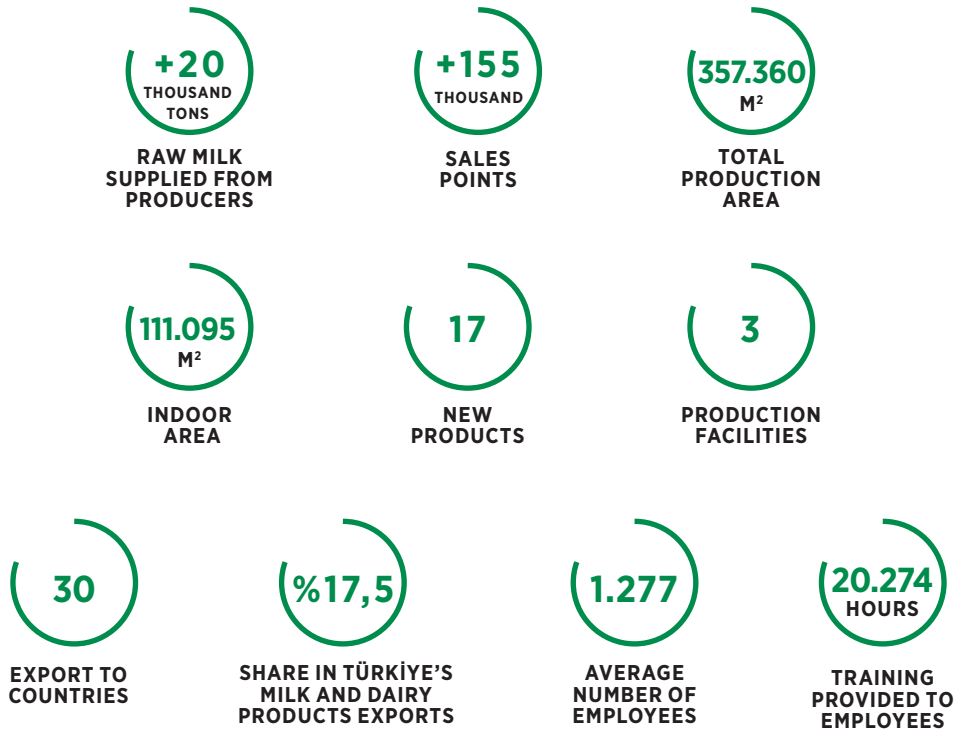
Milestones of the Production Journey

Pınar Süt was founded in **1973** and introduced Türkiye’s first UHT milk and packaged dairy products to consumers in **1975**. Milk, cheese, butter, yoghurt and strawberry milk products were exported to Central Europe, TRNC and the Middle East for the first time in **1982**. Pınar Yem, which meets the high-quality feed needs of dairy farmers, and Yaşar Birleşik Pazarlama, the largest sales, marketing and distribution company in Türkiye which sells and distributes Pınar branded products, were founded in **1983**. Pınar Children’s Theater was established in **1987**. Pasteurized milk was produced in Türkiye for the first time in **1991**. Pınar Süt became the first company in the Turkish food industry to receive TS ISO 9002 Quality Assurance Certificate in **1993**. The Company was awarded the TS ISO 9001 Certificate, in a first for the industry, in **1994**. Pınar Süt’s Eskişehir factory was opened in **1997**. 100% Pure Fruit Juice was launched in **1998**. The Company’s official sponsorship of the Pınar Karşıyaka Basketball Team commenced in the

same year. Pınar Süt launched Pınar Organic Milk, Türkiye’s first organic milk, in **2005** to respond to rising demand for organic/ecological products. Pınar Professional was established for the out-of-home consumption channel in **2012**. Pınar Süt, which was granted the right to export milk and dairy products to Europe in **2013**, established the Pınar Institute to raise public awareness on food, health and nutrition issues. Pınar Süt’s Şanlıurfa factory was commissioned in **2015** and the Pınar Süt R&D Center was established in **2017**. The Pınar Institute’s “The Future of Our Milk Is in Safe Hands” project was included in the Impact Champions program by the United Nations Development Program (UNDP) Business Call to Action Platform in **2019**. The first export to the People’s Republic of China was completed in **2020**.

Pinar Süt and 2023 at a Glance

In 2023, Pinar Süt continued its operations prioritizing human health, food safety, high quality, sustainability and innovation.



WITH NEW PACKAGING ALTERNATIVES

Pinar Süt developed 31 eco-friendly packaging alternatives as a result of innovative studies and successfully completed projects in 2023. As a responsible producer, the Company is committed to using recyclable and eco-friendly packaging for all of its products.

The Company also ensures that secondary packaging is made from recycled materials.

TURNOVER

10,9 BILLION TRY

GROSS PROFIT

534,4 MILLION TRY

EXPORTS

36,4 MILLION USD

INVESTMENT AMOUNT

135,5 MILLION TRY

A YEAR OF CHANGE AND TRANSFORMATION

DIGITAL TRANSFORMATION

Pınar Süt, which manages all its processes based on data with new generation SAP technologies thanks to the “Feniks” digital transformation project launched in 2023, is implementing a structure that can make good forecasts and offer instant reporting and analysis.

CULTURAL TRANSFORMATION

Pınar Süt organized training programs on gender equality and prevention of discriminatory language during the year. The Company participated in the “Business Against Domestic Violence” project and published the protocol on Combating Domestic Violence on 8 March 2023, International Women’s Day.

INITIATIVES AND INNOVATION

Pınar Süt introduced 17 new products to the market in 2023 having closely followed dietary trends and consumer preferences. The R&D Department continues to work on innovative products.

SUSTAINABILITY

Switching to LED lighting at Pınar Süt’s Şanlıurfa facility in 2023 resulted in 29,074 kWh of energy savings. The Company aims to increase the annual savings to 82,419 kWh with further investments.

Yaşar Group, the parent company of Pınar Süt, has implemented transformation projects that will carry the Group into tomorrow in line with its goal of becoming a “Group that moves forward strongly into the future.” As ongoing change and transformation efforts gather pace, Group companies are marching into the future with new plans and projects.

Celebrating its 50th anniversary, Pınar Süt utilizes the latest technologies in all its production facilities as of 2023.



The Company continues to raise environmental awareness by supporting local producers and investing in sustainable production and recycling.

FINANCIAL PERFORMANCE IN 2023

(Million TRY)	01.01.2023-31.12.2023	01.01.2022-31.12.2022
Net Sales	10.862,3	11.077,0
Gross Sales Profit	534,4	876,7
Gross Profit Margin	4,9 %	7,9 %
(Million TRY)	31.12.2023	31.12.2022
Equity	6.702,1	7.342,1
Assets	12.000,9	12.610,5
Total Liabilities/Equity Ratio	0,79	0,72

Competitive Advantages

HIGH BRAND VALUE

- Leading, innovative and responsible producer identity
- Awarded One of Türkiye's Most Admired Companies
- The Most Reputable Brand of Türkiye



With its rich product portfolio, an R&D Center that supports innovation, and the advantage of access to Türkiye's largest cold chain distribution network Pınar Süt offers its products to consumers in domestic and international markets.

QUALITY PRODUCTION, RICH PORTFOLIO

- Hygienic production at EU standards, proven with certifications
- Over 300 SKUs
- Long-standing, strong and innovative R&D history
- Technological and industrial know-how with state-of-the-art technologies
- Energy-efficient industrial facilities

SUSTAINABLE SUPPLY CHAIN AND WIDESPREAD DISTRIBUTION NETWORK

- Cooperation with Yaşar Birleşik Pazarlama, which has the largest cold and frozen distribution chain in Türkiye
- Over 155,000 points of sale
- Advantage of distributing dairy and meat products together
- Strong supply chain sales processes with over 20,000 milk farmers



Pınar'la büyüdüüm!

We have been the steadfast supporters of mothers.
For a full 50 years.



Industry Overview

Solutions for the future of the dairy industry such as sustainable practices, embracing new technologies and efficient resource utilization were the industry's key agenda items in 2023.

Sustainability remained the key agenda item for the industry in 2023. Beyond reducing carbon emissions, adopting local sourcing, independent working practices and holistic certifications such as B-Corp stood out as key elements of a comprehensive sustainability approach. As part of its consumer-oriented approach, the industry continued to offer new experiences in line with changing lifestyles (Euromonitor).

TOTAL COW'S MILK VOLUME

940 MILLION TONS

TURNOVER GROWTH

69%

The Industry in Türkiye

Cost changes were among the key agenda items of the industry, which needs to develop quality and efficiency-oriented production models. While the increase in costs also affected exports, milk and dairy product exports in 2023 amounted to 102 thousand tons, compared to 170 thousand tons in 2022, due to the decline in milk powder and butter production. Iraq and the United Arab Emirates were the top export destinations (Turkish Exporters Assembly).

The amount of cow's milk produced by commercial dairies increased by 4.8% year-on-year to 10,218,997 tons in the January-December period. In the same period, cow cheese production increased by 9.7%, ayran production by 8.3%, yoghurt production by 4.3%, and drinking milk production by 1.5%, while butter production decreased by 9.0% (TurkStat).

A look at consumption patterns shows that economic developments impact the milk and dairy products market. In 2023, the total bottled milk market in Türkiye contracted by 2% to 940 million tons in volume, while turnover grew by 69% to TRY 22 billion (Nielsen, Total TR, 2023).

The loose milk market contracted by 36% in volume terms to 0.8 million tons in 2023. By turnover, the market ended the year at TRY 15.4 billion, marking a 19% growth rate (IPSOS, HTP, 2023).

An analysis of the growing categories in the milk market in 2023 shows that value-added product categories such as light/skimmed and lactose-free milk stood out (Nielsen, Total TR, 2023).



The packaged cheese market grew by 3% in volume terms to 300 thousand tons. In terms of turnover, the market reached TRY 46.7 billion on 90% growth (Nielsen, Total TR, 2023). Suzme cheese, fresh kashar, sliced cheese and brined white cheese were the categories to post growth in the packaged cheese market in 2023.

While the unpackaged (loose) cheese market contracted by 17% in volume terms to 180 thousand tons, it recorded a turnover of TRY 25.3 billion marking 74% growth (IPSOS HTP, 2023).

Targets and expectations for 2024 include ensuring sustainability in the dairy industry, increasing the quality of raw milk, eliminating raw milk collection issues, ensuring food safety in the dairy industry, tackling unregistered production effectively, and preventing misinformation in the dairy industry (SETBİR).



Activities of 2023

In 2023, Pınar Süt entered the markets of Mauritius and Canada and accounted for 17.5% of Türkiye's total branded dairy exports in value terms.

EXPORT TO 30 COUNTRIES

With production at European Union standards, Pınar Süt reached a sales volume of 272 thousand tons in 2023. The Company successfully ended 2023 with a turnover of TRY 10.9 billion and a gross profit of TRY 534.4 million. The total fixed asset expenditures of Pınar Süt, which continued its investments unabated in 2023, amounted to TRY 135.5 million.

Continuing its export activities in line with the strategy of becoming a regional power in the Middle East and the near geography, Pınar Süt realized 17.5% of Türkiye's total dairy product exports in 2023 in value terms.

Pınar Süt makes more than 50% of its international sales to Gulf countries (the UAE, Iraq, Kuwait, Bahrain, Oman, Qatar, Jordan, Saudi Arabia), while TRNC, the US, North African countries (Egypt, Algeria, Libya and Morocco), CIS countries (Azerbaijan, Russia, Georgia, Uzbekistan, Turkmenistan, and Kazakhstan), the European Union, Kosovo, Albania, China, Mauritius, Canada and Thailand are among the significant export destinations of the Company.

SHARE IN EXPORTS OF BRANDED DAIRY PRODUCTS

17,5%

ATTENDANCE AT INTERNATIONAL EVENTS

Pınar Süt continued to participate in events in 2023 to follow the industry closely and meet with its customers. The Company attended Gulfood Fair, one of the world's largest food and beverage fairs, in the Gulf region, ANUGA Fair, which is recognized as the world's largest food and beverage fair with the participation of more than 100 countries, in Cologne, Germany, and WORLDFOOD, Türkiye's most extensive food industry fair, in Istanbul. Pınar Süt attracted great attention from EU customers as well as exhibitors

from the Far East, Africa and the Middle East at the fair, where it also presented its new products. The Company acquired information on global developments, new and innovative products and technologies, and conducted detailed reviews of the fair and the products on the market.

NEW MARKETS, NEW ACHIEVEMENTS

Pınar Süt established a presence in different regions of the world with the Pınar brand and products in 2023.

The Company penetrated the Mauritian and Canadian markets. Meanwhile, Pınar Süt was the market leader in the spreadable cheese category until the Saudi Arabian market closed in 2020, and resumed exports in August 2023 as one of the five brands authorized to export to that market.

The Company exported UHT milk products to the Chinese market, including whole, semi-skimmed and skimmed milk, as well as Protein Milk, Kido Milk and Barista Latte Art Milk.

Communication activities were carried out using digital media applications to increase brand awareness in the Gulf Region, Europe, Iraq, Azerbaijan, Georgia, TRNC and Kazakhstani markets.

FUTURE GOALS

Growth through increased exports and expansion into new markets is among the Company's primary goals for 2024. The Company plans to focus on innovation, adopt sustainable production methods and increase its export diversity to be successful in an environment of rising competition and supply chain challenges.

In the short term, Pınar Süt aims to maintain its strong market position by developing new product varieties with functional and innovative products in different categories. Through these strategies the Company aims to maintain its growth and strengthen its share in existing markets by increasing exports in 2024.

Investments

Pınar Süt further advanced its technological capabilities through renovation and modernization projects by investing TRY 135.5 million in 2023.

Pınar Süt continues to make new investments to respond to the changing needs of the industry and consumer expectations.

With a total investment of TRY 135.5 million in 2023, Pınar Süt made investments to increase its production capacity in addition to renovation and maintenance works for its facilities.

On its 50th anniversary, the Company continues to invest in the new Aseptic Filling lines to be commissioned in its Izmir and Eskişehir facilities and aims to launch its next-generation long-lasting milk packages in the second quarter of 2024.

The Company continues to invest in cheese processing lines at its Eskişehir and Şanlıurfa facilities and aims to increase its reach with the capacity increase to result from these investments while continuing to offer its consumers healthy products by making use of the latest technologies.

HIGH-TECH INVESTMENTS

Investing in state-of-the-art technology to adapt to Industry 4.0, Pınar Süt completed the installation, testing and commissioning processes of the Aseptic Line Robotic Palletizing System at the Eskişehir facility and continued its research and development activities on robotic-automation equipment and technologies throughout the year. Pınar Süt continued its design and manufacturing activities as part of the Automation System projects carried out by the Technology Center under its R&D Center, while the installation of the Fresh Cheese End of Line Automation System was completed.

Closely following global changes, the Company continues its SAP S4/HANA integration efforts with Project Feniks, which it started to work on to capitalize on big data in the fastest and most accurate way, in the awareness that utilizing Information Technologies brings advantages to business processes. With the redesign of business processes with a zero-based thinking methodology as part of the project, which is developed with an agile management approach, Pınar Süt strives to secure the coming 50 years on solid foundations.

INFORMATION TECHNOLOGIES

In the digital age, following technological innovations and adapting business processes to modern conditions are a necessity to stay ahead of the competition. With this perspective, Pınar Süt, which continues to advance, develop and improve its lines of business, continued to invest in SAP's next generation cloud technologies in 2023. Pınar Süt launched "Project Feniks," Yaşar Group's SAP S4/HANA Cloud Transformation Project, to implement a data-driven structure that can make accurate forecasts, and provide instant reporting and analysis in all end-to-end processes with new generation SAP technologies. The project, which aims to create an up-to-date, singular and centralized system, is expected to improve employee satisfaction, work quality and work efficiency.

With the implementation of Project Feniks, the Company aims to improve sustainability, efficiency, speed and agility in its organizational business processes. All improvements will have a direct impact on employee, supplier and customer satisfaction. Upon completion of the Feniks project, the Company will have an infrastructure capable of integrating with new global technologies. In this way, the Company intends to make effective use of decision-making processes based on real-time data, thus ensuring the achievement of financial targets.

The Group companies' ways of doing business are evaluated end-to-end as part of Yaşar Group's digital transformation process and the most suitable technological tools are selected for this transformation. Change management is conducted by taking into account all aspects such as technology, culture, etc.

With its digitalization efforts, Pınar Süt aims to standardize its way of doing business and improve efficiency by ensuring that operational activities are conducted with new technologies. Automation projects are developed using the Robotic Process Automation (RPA) technology by investing in high technologies to adopt Industry 4.0 within Yaşar Group. Digitalization of the traceability system, a requirement for safe food production, continues as well.

R&D Studies

The R&D Center, which fuels Pinar Süt's innovative efforts, successfully completed various projects and developed 17 new products as well as 31 eco-friendly packages in 2023.

At Pinar Süt, automation and investment projects in line with Industry 4.0 are implemented through the "Technology Center" under the roof of the R&D Center.

The R&D Center continues its operations in two departments:

- "Operational R&D", which involves packaging and new product development activities;
- "Scientific & Technological R&D", which involves innovation projects, industry-university collaborations, research and literature studies and projects.

In 2023, the Company's R&D departments focused on economic and environmental sustainability, management of raw material procurement processes, efficient use of resources, and innovative processing technologies that provide cost savings. The Company followed forecasts regarding the climate and agricultural crisis and took necessary actions.

Efforts were made to utilize more domestic raw materials and inputs in production, to expand export channels and to implement projects to establish new collaborations.

The Company filed a new patent application in 2023, making progress on four patent/utility model processes simultaneously. R&D Center employees worked on a research paper and gave poster presentations at two congresses, one national and one international.

Prioritizing academia-industry cooperation, the R&D Center aims to contribute to sustainability efforts by developing next generation production technologies. Pinar Süt, which adopts a continuous development philosophy, held meetings with universities and institutions for academia-industry collaborations in 2023. Throughout the year, the Company continued to work on solving climate crisis related issues, while addressing the circular economy and sustainable procurement, and on studies related to rapid determination methods, given the importance of time in today's world.



Strategies of the R&D Center:

- To maintain and continuously improve its effectiveness and criteria,
- To improve the staff, quality and competence of the R&D Center,
- To contribute to the Company and the country by designing new generation technologies and applications that will transfer academic knowledge and know-how to the industry,
- To protect project outputs with patents, utility models, registration per Intellectual-Industrial Rights,
- To contribute to development and progress in related fields through scientific publications, articles, etc.,
- To achieve swiftness and flexibility in applied research and experimental development stages by strengthening the laboratory and pilot plant infrastructure,

- To produce innovative works that will strengthen brand value and financial power, to establish domestic or foreign collaborations,
- To ensure the development of an environmentally-friendly packaging portfolio for a sustainable world,
- To ensure high customer satisfaction.

HEALTHY LIVING

In 2023, Pinar Süt's R&D Center continued to work on products that promote healthy nutrition for all segments of society. The R&D Center's priority areas of study included functional and innovative products targeting different age groups and consumers with special needs, supporting immunity, promoting healthy eating as part of daily routine, and reducing ingredients such as sugar, salt, etc., which cause health problems when consumed excessively, while preserving the taste and palatability of the products. In collaboration with TÜBİTAK and universities, the R&D Center worked on innovative processing technologies that require less energy and less auxiliary materials at lower costs.

RESPONSIBLE PRODUCTION APPROACH

Pinar Süt's R&D Center is committed to ensuring that all packaging materials used in the products in the Company's portfolio are recyclable and eco-friendly. The Company considers the environment and sustainability in all primary and secondary packaging works, from the design process to consumption. The Company chooses recyclable materials and considers the weight/thickness of the packaging in the design and selection processes. Following the selection of primary packaging, the Company carefully evaluates

the design of secondary and tertiary packaging, units per package and pallet layout, taking into account any environmental impact, and with an awareness of optimizing logistics processes and storage space.

While working on new packaging projects, the Company takes into account technical criteria such as material and weight of packaging components, as well as pallet optimization to reduce carbon emissions in logistics operations. The projects implemented by the Company throughout the year to this end include reducing the weight of packages, optimizing pallet alignment and the number of boxes, reducing the weight of parcel paper, transition to the use of low micron aluminum foil and localization with a systematic approach.

AWARD-WINNING PROJECTS

Two products, Pinar Kefir Cup in the "Beverage Category" and Pinar Protein Suzme Cheese in the "Breakfast Products Category," made the "Most Innovative Products of the Year" list based on the research conducted by YouGov Market Research and Survey Company.



Strong Cooperation with Suppliers



Pınar Süt is extremely meticulous in selecting suppliers to maintain and further improve its high standards under all circumstances.

Never compromising on product quality and food safety, Pınar Süt works with more than 20 thousand raw milk farmers in Türkiye to ensure healthy and sustainable production. Supporting the development of national livestock breeding and developing collaborations with local suppliers to this end, Pınar Süt supplies milk from 119 farms that comply with its quality standards.

Procuring the highest quality raw materials and producing at European Union standards, the Company supports the development of its suppliers in food safety, healthy milk production, sustainability and similar areas. The Company organizes awareness-raising and informative activities for this purpose.

The Company distinguishes itself by offering training programs to its suppliers on topics of vital importance for the industry, such as herd health, animal nutrition, preventive medicine and milk quality.

In addition to raw milk and other raw materials, Pınar Süt also procures various products/services from its suppliers. These include food supplementary materials, packaging materials, operating materials, equipment, spare parts and promotional materials. In 2023, the Company worked with 1,785 suppliers for all its procurement requirements excluding raw milk. 144 suppliers, which account for 78% of Pınar Süt's total purchasing volume excluding raw milk, signed the Pınar Süt Supplier Principles Guide. In this way, suppliers have accepted human rights and fair labor criteria for social sustainability and environmental responsibility criteria for environmental sustainability.

Due diligence for suppliers

The suppliers of raw materials excluding milk, food supplementary materials and packaging materials are selected with the approval of the Quality Assurance, Purchasing and R&D Functions.

Pınar Süt selects its suppliers based on procedures consisting of several stages. Prospective suppliers are first subjected to trial studies. Then, suppliers that can provide raw materials of satisfactory quality in line with Pınar Quality Criteria are included in the supplier system.

The Company applies Pınar Süt Purchasing Regulations and Procedures for raw materials, services and all other supplies to be purchased. All suppliers are required to comply with the relevant criteria. These criteria include compliance with developments in domestic and international markets, current economic conditions, commercial conditions, desired delivery time-quantity-quality, ethical and moral rules, and all laws and regulations. The Company also reviews technical competence, technological infrastructure, financial structure and performance, service quality and favorable location.

Ensuring compliance with regular audits

The Company audits its suppliers on a quarterly basis through the joint effort of the Purchasing and Quality Assurance Departments. Suppliers are audited in terms of quality, price, delivery time, quantity and service quality as part of the Supplier Evaluation Procedure. If audits reveal any defects or non-conformities, the Company takes corrective action to improve its procurement activities, thereby continuously refining its processes.

Pınar Süt works with local producers to reduce the carbon emissions generated during the logistics processes and to manage its environmental impact. Pınar Süt works with producers located near its facilities and requires its suppliers to provide the MSDS (Material Safety Data Sheet) document requested by the Quality Assurance unit to evaluate the environmental impact of their production processes. The Company prefers suppliers holding TS EN ISO 14001 certification for service procurement.

Faster processes with digitalization

Pınar Süt started using robotic process automation for technical materials in 2020 to adapt current technological developments to its processes and increase the use of artificial intelligence as part of its digitalization efforts. In 2023, the Company used robotics to receive commercial bids from approved suppliers for a total of 13,104 materials at its İzmir, Eskişehir and Şanlıurfa factories. The second phase of the project, namely "maintenance of commercial bids in the system using robotics," is ongoing. Pınar Süt aims to increase the number of signatures from its suppliers in line with its corporate values and Yaşar Group's strategic management and sustainability principles.

Pinar Süt Products

MILK Packaged Milk

- » Plain Milk
- » Organic Milk
- » Light Milk
- » Kids Follow-on Milk
- » Denge Lactose-Free Milk
- » Protein Milk
- » Kido Flavored Milk
- » Pinar Latte Art



CHEESE Modern Cheese Varieties

- » Pinar Beyaz
- » Pinar Beyaz Extra Soft
- » Labneh
- » Sliced Toast and Burger Cheese
- » Aç Bitir Cheese
- » Aç Bitir Cheddar Cheese
- » Cream Cheese
- » Cream Cheese with Cheddar
- » Triangle Cheese



AYRAN

- » Bottled Ayran
- » Cup Ayran



KEFİR

- » Plain Kefir
- » Strawberry Kefir
- » Forest Fruit Kefir

CHEESE Traditional Cheese Varieties

- » Fresh Kashar
- » Suzme Cheese
- » High-Protein Suzme Cheese
- » White Brined Cheese
- » High-Protein White Cheese
- » Kahvaltı Keyfi Toast Cheese



CHEESE Keyif Cheese Varieties

- » Halloumi Cheese
- » Cheddar Cheese
- » Gouda Cheese
- » Go Snack Cheeses
- » İnce Bi'Peynir
- » Gourmet Cheese Plate



BUTTER

- » Block
- » Foil
- » Single Serving



BREAKFAST CREAM

FRUIT JUICE

Fruit Nectars

- » Peach Nectar
- » Apricot Nectar

100% Fruit Juices

- » 100% Apple Juice

Fruit Drinks

- » Mediterranean Drink
- » Cherry Drink
- » Orange Drink
- » Çılgın 2'li



FLAVORING

- » Ketchup (Hot and Sweet)
- » Mayonnaise (Classic and Light)
- » Mustard (Classic, Honey, Hot, Grainy)
- » Hot Sauce
- » Barbecue Sauce
- » Chocolate Sauce



KITCHEN AIDS

- » 35% Fat Cream
- » 35% Fat Cream for Meals and Sauces
- » Whipped Cream



Pinar Süt maintains its strong position in the industry with its wide product portfolio by developing long-lasting and healthy products using state-of-the-art technology.

OUT-OF-HOME CONSUMPTION (OOHC)

MILK

- » Milk (Full-Fat, Half-Fat, Non-Fat)
- » Kutupak Milk (Full-Fat and Half-Fat)
- » Latte Art Barista Milk (Full-Fat)
- » Barista Milk (Half-Fat)



CHEESE

- » Labneh
- » Choco Labne
- » Pinar Beyaz
- » Fresh Cheese
- » Sliced Toast Cheese
- » Kashar Cheese
- » Triangle Cheese
- » Sliced Burger Cheese
- » Full-Fat White Cheese



BUTTER

- » Block

JAM & HONEY

- » Single Serving Strawberry Jam
- » Single Serving Cherry Jam
- » Single Serving Honey

CREAM

- » UHT Cream
- » Sour Cream



YOGHURT

- » Natural Yoghurt (Full-Fat and Half-Fat)
- » Natural Yoghurt
- » Organic Yoghurt
- » Lactose-Free Yoghurt



SAUCE

- » Service Mayonnaise
- » Service Ketchup
- » Bucket Mayonnaise
- » Bucket Ketchup
- » Single Serving Mayonnaise
- » Single Serving Ketchup
- » Single Serving Barbecue Sauce
- » Barbecue Sauce Bucket
- » Single Serving Hot Sauce
- » Hot Sauce Bucket
- » Mustard



AYRAN

- » Cup Ayran



MILK POWDER

- » Non-Fat Dry Milk



You can find detailed information about all of Pinar Süt products by scanning the QR Code on your phone.

New Options for Everyone

Pınar Süt has prepared short, medium and long-term innovation plans that respond quickly to new trends and needs.

In 2023, Pınar Süt continued to develop new products in line with consumer feedback and industry trends.

Pınar Organic Labneh

In 2023, the Company added Pınar Organic Labneh to the Pınar Labneh family as a new variety and flavor. The organic milk used in the production of Pınar Organic Labneh is sourced from a special farm where all cows are fed and raised per organic milk production principles. Pınar Organic Labneh offers consumers healthy and flavorful meals



You can find detailed information about **Pınar Organic Labneh** developed for various dietary preferences [here](#).

Pınar Kahvaltı Keyfi Fresh Cheese

Pınar has added a new member to its cheese family, “Pınar Kahvaltı Keyfi Fresh Cheese.” Pınar Kahvaltı Keyfi, which aims to become an indispensable breakfast food with its ideal consistency, brand new flavor and optimum salt content, provides consumers with ease of storage with its practical 180-gram package. Pınar Kahvaltı Keyfi has started to stake its place on the shelves with its high calcium content and light flavor.



Pınar Lezzetin Âlâsı

Pınar renewed its yoghurt and ayran portfolio under the “Lezzetin Âlâsı” sub-brand, taking into account the flavors that consumers with traditional palates long for.

Pınar launched a special product for consumers who are particularly fond of yoghurt with Pınar Lezzetin Âlâsı yoghurt, which has a thick consistency and a unique, memorable flavor. In the ayran category, Pınar Süt introduced consumers to the most delicious ayran, with its renewed flavor and increased fat content, in the retail and out-of-home channels.



Pinar Süt Customers and Consumers

Throughout the year, Pinar Süt introduced new products and shared content about its existing product line through product communication efforts on various platforms.

Celebrating its 50th anniversary, Pinar Süt reinforced the trust that consumers have in the brand through new products, communication activities and social responsibility projects that add value to life.

Maintaining its leading position in many categories, Pinar Süt continues to work with the future in mind.

MILK GROUP

Product	Turnover Share (%)	Position
UHT Milk	22.5	Leader
UHT Plain Milk	20.2	Leader
Light Milk	24.3	Leader
Organic Milk	68.1	Leader
Kids Milk	53.5	Leader
Protein Milk	60.9	Leader

(Nielsen, Market Excluding DS, 2023)

CHEESE GROUP

Product	Turnover Share (%)	Position
Fresh Cheese	44.9	Leader
Labneh	33.9	Leader
Spreadable Cheese	27.7	Leader
Sliced Cheese	25.7	Leader

(Nielsen, Market Excluding DS, 2023)

VERSATILE COMMUNICATION MANAGEMENT

In 2023, Pinar Süt informed its consumers about its products and projects through communication activities. The Company aimed to add value to the lives of its consumers by bringing together experts and consumers in its social media posts.

Special Activities for Pinar Süt's 50th Anniversary



Pinar Süt, which has been supporting parents for 50 years, ensuring that children have access to milk and taking pride in raising healthy and happy generations throughout Türkiye, appeared on TV in September-October 2023 with its "I Grew Up with Pinar" campaign. The campaign was supported by radio, outdoor, digital and social media advertisements.

Pinar Süt shared its excitement in its 50th anniversary with consumers through a giveaway on its social media account. Communication continued throughout the year with the posts made from social media accounts on instagram/ pinarhepyanimda and facebook / pinarhepyanimda and suggestions that will add value to the lives of consumers.



You can view the communication campaigns on our instagram/ pinarhepyanimda account by scanning the QR Code on your phone.



You can view our communication campaigns on facebook/ pinarhepyanimda account by scanning the QR Code on your phone.

Pinar Kids Follow-on Milk

The Pinar Hep Yanımda social media account shared various posts throughout the year in cooperation with Prof. Vildan Ertekin, MD to support the brand image of Pinar Kids Follow-on Milk. The core messages delivered were that the product is, "Full of Vitamins, Minerals and Very Delicious" and "a follow-on milk recommended by expert physicians."

Pınar Kido

The “Kido Pop” commercial film was broadcast on TV and digital platforms in January-June and September-December periods. Pınar Kido supported the Turkish Hip Hop Championship on 21-22 June 2023 as the main sponsor of the event. Throughout the competition, Pınar Kido helped children have fun and dance on the stage and in the event venue, encouraging children to engage in physical activity through dance and emphasizing the importance of exercise in their development.

In addition, digital projects (use of stickers on IG, sharing similar dance content such as I'm Learning to Dance with Kido), in-store activities (Kido Big Stand activity, use of Tokinomo In-Store Promotion Robot), and in-store display activities were carried out throughout the year.

➤ You can review **Pınar Kido's** story and product range here.

Pınar Protein

The Pınar Protein Milk Family's popular commercial, “Nobody Like You” was broadcast on TV and digital platforms between June-July 2023, on Sports channels between 18 August - 8 September 2023, and on digital channels between 25 November-December 2023. In addition, digital projects, PR and influencer collaborations, events and on-site display activities were carried out throughout the year.



➤ You can find detailed information on the **Pınar Protein** world such as special recipes and protein count here.

Pınar Denge

The commercial film for the Pınar Denge Lactose-Free Family, which provides easy digestion, was broadcast on TV digital platforms between April and June 2023. The Company improved its communication with the Pınar Denge Lactose-Free Family's sub-band, which was broadcast on TV and digital platforms during May - June 2023. In addition, digital projects, influencer collaborations and on-site display activities were carried out throughout the year.

The commercial film for Pınar Denge Probiotic Yoghurt, the latest member of the Pınar Denge Family, was broadcast on digital platforms throughout the year.

➤ You can find detailed information about **Pınar Denge** Lactose-Free Milk and Yoghurt here.

Pınar Sliced Toast Cheese

The commercial film for Pınar Sliced Toast Cheese was broadcast on TV and digital channels. On social media, both the commercial film and various recipes were regularly shared on Pınar Hep Yanımda social media accounts. The Company organized a contest on the Pınar Hep Yanımda Instagram account in March and sent products and gifts to winners. A kit including a special recipe booklet was sent to influencers. The product was also supported with POPs in the field. A collaboration was made with Sofra magazine and a two-page advertisement titled “Delicious Ideas for the Lunchbox” was published during the back-to-school period. In addition to print media, recipes were shared on Sofra's social media accounts and Pınar Hep Yanımda social media accounts.

Pınar Beyaz/ Pınar Beyaz Extra Soft

In July, Pınar Süt celebrated “World Cheesecake Day” by publishing a San Sebastian Cheesecake recipe in “Sofra” magazine. Pınar Beyaz advertising visuals were used in all San Sebastian Cheesecake recipe coverage on the Nefis Yemek Tarifleri website throughout the year. Recipes with Pınar Beyaz were shared on Pınar Hep Yanımda social media accounts. Activities and discounts were announced to consumers with banners published on Migros Online Market. A campaign was organized where winners won a voucher for spreadable cheese varieties. Pınar Beyaz Extra Soft was promoted in the field with POPs.

Pınar Suzme Cheese / Pınar Protein Suzme Cheese

Recipe posts with Pınar Protein Suzme Cheese were shared on Pınar Protein social media accounts. Activities and discounts were announced to consumers with banners published on Migros Online Market. The products were also supported with POPs in the field.

Pınar Keyif Cheese Varieties

Cheddar and İnce Bi Peynir products were promoted on digital channels. Special days such as “Valentine's Day” and “World Pasta Day” were celebrated by category and relevant products were promoted with POPs in the field and recipe posts on digital platforms. Point of sale promotion activities were carried out for Cheddar and Gouda. Activities and discounts were announced to consumers with banners published on Migros Online Market.

Pınar Labneh

The new Pınar Labneh commercials featuring Chef Danilo Zanna were broadcast on TV and digital channels. Special recipes prepared by the Chef were shared on social media, both on Pınar Hep Yanımda social media accounts and Danilo Zanna's own accounts. Danilo Zanna recommended Pınar Labneh in recipes published on the popular website Nefis Yemek Tarifleri.

The Company organized the Pinar Labneh Chef Competition with Chef Danilo Zanna. Five contestants and five influencers participated in the competition. The competition was announced and the videos were shared on Pinar's social media accounts.

The Pinar Organic Labneh 180g product was also launched. POPs promoting this product were used in the field. The practical recipes series prepared by Danilo Zanna was shared on Pinar Hep Yanımnda social media accounts.

"Cheesecake with Choco Labneh" prepared with Pinar Choco Labneh 180g was published in Sofra magazine.



You can view the videos of the Pinar Labneh Chef Competition [here](#).

Triangle Cheese

Four seasonal-themed cheese plates, back-to-school and New Year's posts were shared on Pinar Hep Yanımnda social media accounts.

Pinar Kefir

Pinar Cup Kefir was promoted in digital media with a film that highlighted its "mild" flavor and health benefits. Product awareness efforts for Pinar Kefir Cup included tasting activities and sales promotions. Kefir cup was included in school and hospital menus as a healthy beverage alternative.

Pinar Cream

The promotional campaign for Pinar Cream was broadcast on TV and digital channels during Ramadan. The Company displayed promotional materials in supermarkets, another important point of communication with consumers, to attract their attention in different aisles and encourage purchases. Throughout the year, the Company communicated with consumers through recipe videos describing the unique flavor that Pinar Cream adds to meals. Communication efforts were supported throughout the year on the Nefis Yemek Tarifleri platform, which is frequently visited by chefs and people who enjoy cooking.

Pinar Sauce

The sauce group's Instagram and YouTube channels were actively used for communication throughout 2023. Films featuring the slogan "Multiply the Flavor with the Pinar Sauce Family" delivered healthy and delicious recipes to consumers. In addition, Pinar Mayonnaise was promoted on digital channels.

Pinar Hep Yanımnda Social Media Platforms

In 2023, Pinar Süt continued its social media communication through Pinar Hep Yanımnda Instagram, YouTube and Facebook channels.

Informative content about milk and dairy products, recipes created as part of product communication, content on special days and sustainability projects and expert opinions were shared with followers on Pinar Hep Yanımnda social media channels.

The Company continued to share informative content on healthy and balanced nutrition with Expert Dietician Şefika Aydın Selçuk throughout the year. The Company created content on topics such as healthy nutrition, nutrition in mid season, ideal portions for milk and dairy products and various recipes. Videos containing recipes using Pinar products and expert videos were also published on the Pinar Hep Yanımnda YouTube channel.

The Company's communication on YouTube focused on the earthquake. A video titled "What we can do to meet the dietary needs of children and adults affected by the earthquake" was published on the Pinar Hep Yanımnda YouTube account, hosted by Prof. Benal Büyükgebiz, Pediatric Gastroenterology and Nutrition Specialist, and Prof. Murat Baş, Head of the Department of Nutrition and Dietetics, Faculty of Health Sciences, Acıbadem Mehmet Ali Aydınlar University, and moderated by Özgür Özgülgün. The Company also made announcement on its Instagram account.

Pinar Süt's and Pinar Institute's sustainability-related activities were published as a new series of content. The Company created content for special days.

Pinar Süt announced a new project developed in cooperation with the Education Volunteers Foundation of Türkiye (TEGV), which aims to reach children in the earthquake zone and support their discovery of science by launching a new TEGV Firefly Learning Unit.

Contests were organized for back-to-school and New Year, providing contestants with the opportunity to participate in mini workshops with Danilo Zanna, and increasing interaction with followers.



You can access the content of the Pinar Hep Yanımnda YouTube channel by scanning the QR Code on your phone.

Direct Communication with Consumers through PinarOnline

With technology becoming increasingly influential in every field, online shopping has become an indispensable part of daily life. Launched in 2021, the PinarOnline e-commerce platform continues its journey of strengthening the Brand's online presence and establishing direct communication with consumers. PinarOnline reached 82 thousand customers and 2.5 million visitors in a single year with its flexible and agile structure. Allocating 70% of its marketing budget to digital channels, PinarOnline offers consumers access to Pinar products through its website and mobile application.



In addition, the Company offered consumers special deals for Eid al-Adha, Ramadan and New Year's Eve.

New warehouse investment: In 2023, PinarOnline commissioned its new warehouse in Ayazağa, Istanbul, significantly increasing its logistics capacity. The Company stores complementary products along with Pinar products in the Ayazağa warehouse, which features dry, cold and frozen temperature regimes.

Sustainability: PinarOnline focuses on sustainability by adopting an eco-friendly approach and makes its investments accordingly. Keeping the carbon emissions generated by logistics activities under control, in particular, is important in terms of combating climate change. PinarOnline also takes many different initiatives to eliminate carbon emissions in line with its vision. With its current fleet comprising 25% electric vehicles, one of the core goals of PinarOnline is to fulfill all of its deliveries with electric vehicles by 2030.

New delivery models: PinarOnline offers customers in Istanbul, Ankara and Izmir the option of "delivery by appointment," delivering product groups between +4 °/-18 ° quickly and safely. The Company adopted a same-day delivery model in three slot intervals in Istanbul with the commissioning of the Ayazağa warehouse.

In the summer of 2023, PinarOnline served its customers in 25 neighborhoods of Çeşme using eco-friendly electric vehicles.

Flavors exclusive to PinarOnline, a variety of Pinar products from fresh meats to snacks, and budget-friendly deals exclusive to the platform were offered to consumers in Çeşme throughout the summer.

PinarOnline shipped its products that do not require cold chain throughout Türkiye via cargo.

Support for solidarity: Pinar Online fulfilled its social responsibility by participating in the relief efforts after the earthquake in Kahramanmaraş that left the country in mourning. Support efforts for local producers in the region continued throughout the year.

Supporting students through academic collaborations

Yaşar Group strongly felt the process of change and transformation in 2023, as PinarOnline launched a next-generation education-internship concept in partnership with Altınbaş University. The Gastronomy and Culinary Arts Department of Altınbaş University and PinarOnline launched a 14-week program as part of this collaboration to introduce the chefs of the future to sustainable culinary concepts. Thanks to the «Sustainable Cuisine» courses under the program, gastronomy students transformed what they learned into creative recipes for sustainability and zero waste in the kitchen.

2024 Targets of the Platform

PinarOnline will continue its product development efforts in 2024 in line with consumer needs and insights. Planning to expand its target audience by improving its product portfolio, PinarOnline aims to introduce its special products to more consumers and increase brand awareness in 2024. To this end, PinarOnline plans intensive communication activities in traditional and digital channels in 2024.

PinarOnline intends to offer its consumers a faster, more practical and user-friendly website and application interface with infrastructure development and renewal works in 2024. The Company continues to work on the feasibility studies of the infrastructure in targeted cities to expand its delivery network and offer its services in different regions of Türkiye.

In 2024, PinarOnline plans to improve all its warehouse and logistics operations by establishing its own warehouse and distribution management systems, thus increasing its operational efficiency.



You can access Pinar's e-commerce platform **PinarOnline** here.

OUT-OF-HOME CONSUMPTION WORKS

Pınar Süt, which serves a wide customer portfolio from hotels to restaurants, and catering companies to schools on the Out-of-Home Consumption (OOHC) channel, remained active on this channel throughout the year. Pınar Süt continued to support its customers with innovative and practical products as well as solutions responsive to demand.

Accordingly, Pınar Süt continued its R&D studies to develop innovative and practical products to deliver products that make life easier. Additionally, in line with its product-oriented communication strategy, the Company continued its product-brand communication and communication with chef and head cooks, determined as opinion leaders, on digital channels.

Pınar Süt continued its marketing activities with target audience communication at various events, specialized fairs and festivals throughout the year.

EFFECTIVE DISTRIBUTION AND STRONG SALES

Yaşar Birleşik Pazarlama (YBP), the sales, marketing and distribution company of Yaşar Group, continues its operations as one of the largest sales and distribution companies in Türkiye, distributing over 500 product types across 17 categories in three climatic levels with over 1,200 distribution vehicles nationwide.

The widespread sales and distribution power of YBP accounts for 88% of Pınar Süt's sales. In addition to Pınar Süt, YBP, which brings Pınar Et products and Nar'ca branded products in the freshest and healthiest form to over 155 thousand outlets nationwide to the consumer, continues its activities by building its entire commercial system on efficiency, operational perfectionism and customer satisfaction.

As an international company, YBP started to sell and distribute in Türkiye the Corny branded products of Hero Gıda, the leader of the healthy food market in Europe.

The Company, which constantly monitors its sales and distribution operations with its digital systems that employ the latest technology, increases the sales skills of its business partners and its own employees with special training programs.

PINAR COMMUNICATION CENTER

Consumers can reach the Pınar Communication Center (PCC) from anywhere in Türkiye on the phone number 444 76 27 without dialing an area code. Calls for complaints, suggestions, information, criticism and praise related to products and services received by the Pınar Communication Center are answered by PCC operators between 07.00 - 23.00.

The Company carefully reviews the requests and suggestions received by the Pınar Communication Center, which operates with the principle of "Our Consumers and Customers Come First."

In addition to feedback recorded under the Law on Protection of Personal Data, necessary referrals are made to the relevant departments for complaints that have not been resolved, and the entire complaint management process is strictly followed from beginning to end. Customers can also reach the Pınar Communication Center at x.com/InfoPınar and facebook.com/PınarİletişimMerkezi. The PCC also examines and resolves requests and suggestions received via social media on its official X and Facebook accounts, providing consumers the fastest response.

According to 2023 data, the successful call reception rate in PCC was 87.02%, while the customer satisfaction rate was 84.09%.

"Accessible Communication Line" from PCC

To provide a full service to all its consumers, Pınar uses the free "Accessible Communication Line" application for visually and hearing impaired individuals via PCC. PCC

provides services to visually and hearing impaired individuals between 07.00 - 23.00 hours 7 days a week thanks to the application, which was implemented to facilitate the lives of visually and hearing impaired individuals in Türkiye. Consumers can reach an operator on the phone number 444 76 27 of the Pınar Communication Center, as well as the call service number reported to the Associations of the Visually Impaired in Türkiye. Visually- and hearing-impaired individuals can receive audio-visual support by showing products to the operator. In the same way, they can seek information on products and their contents, and receive answers to questions they may have, such as expiry dates.



Pınar Süt Family

Pınar Süt, which focuses on employee engagement and well-being in its Human Resources policy, continued to offer equal opportunities and combat discrimination in 2023.

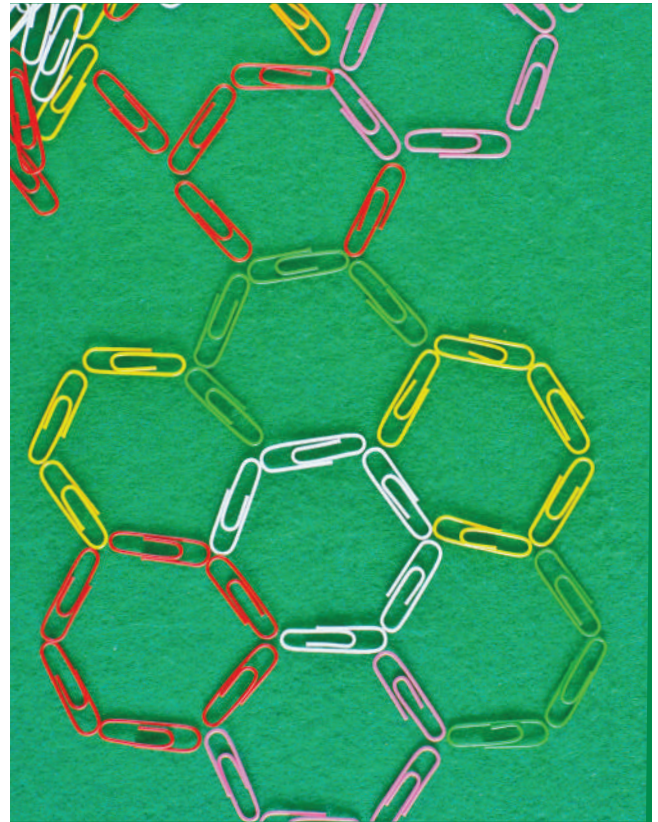
HUMAN RIGHTS AND EMPLOYEE RIGHTS

Pınar Süt, a member of the Yaşar Group, manages its human resources policy to employ an innovative, highly motivated and highly performing, qualified workforce, and to increase the commitment of its workforce through sustainability. Yaşar Group offers equal opportunities to every candidate without discrimination based on gender, nationality, race, religion, ethnic origin, age, belief, language, sexual orientation, marital status, disability, social or economic status or political affiliation. Pınar Süt adopts an approach in line with universal values in its human resources management, as in all its activities. Employees are given equal opportunities in all human resources processes such as recruitment, remuneration, performance evaluation, promotion, assignment, training, and development. The Company honors the contracts signed with employees. All contracts signed are prepared in full compliance with the legislation and the Law on the Protection of Personal Data.

To strengthen and develop its human resources created by the knowledge, skills and experience criteria required by the position in light of the principle of “science, unity, success,” Pınar Süt brings together educated and experienced individuals who are people-oriented, adopt knowledge sharing as a principle, value the spirit of unity, are open to all developments based on science, and who display a participatory management and success-oriented work approach.

While organizing various training activities to ensure employee satisfaction and loyalty, the Company supports the participation of its employees in training activities to assist their personal and professional development. Through programs such as talent management, development and mentoring provided within the Group the Company participates in projects that support employee development at all levels, from new hires to senior management.

The Company continues to work in compliance with



internationally recognized principles such as the Universal Declaration of Human Rights, the United Nations Global Compact, the United Nations Women's Empowerment Principles and ILO Conventions, as well as the legal framework and legislation regulating human rights and labor in Türkiye. The principles and policies are included in the Business Ethics Guidelines as company policies and in the collective bargaining agreements of the companies, and are also made public on the corporate website.

HUMAN RESOURCES

Adding value to the national economy as one of Türkiye's most well-established brands, Pınar Süt manages its

competent workforce with employee-friendly practices. Enabling employees at all levels to feel that they are part of a large family, Pınar Süt values them by adopting a “People First” approach.

In 2023 Pınar Süt implemented several initiatives from special day events to training programs within the framework of human resources practices. The events include Sahlep Treat, Iftar Dinner, a Pınar’a Gidiyorum event on 8 March International Women’s Day, and a service appreciation ceremony with the participation of our employees and their families on the 100th anniversary of our Republic.

Believing that socializing plays an important role in employee happiness, the Company organized various events for employees and ensured that they had a pleasant time. Some of the social events aimed at increasing employee satisfaction include a Table Tennis Tournament, Backgammon Tournament, Service Appreciation Ceremony, San Sebastian Cheesecake Workshop, New Year’s Dinner, and New Year’s celebration.

Committed to the development of its employees as much as to social events, Pınar Süt continued its in-house training efforts in 2023. Throughout the year, each employee received an average of 15.9 hours of technical and personal development training. In this context, Pınar Süt provided a total of 20,274 hours of training to its employees in 2023. Training on gender equality and discriminatory language and trainer training were also included in the program. Seeking to contribute to the prevention of violence against women and children in line with its gender equality principle, Pınar Süt joined the “Business Against Domestic Violence” project and published its protocol on Combating Domestic Violence on 8 March 2023 International Women’s Day.

In 2023, the Company employed an average of 1,277 individuals, 19.4% of whom were women. Believing in the importance of workplace peace on the road to social peace, Pınar Süt signed a Collective Bargaining Agreement with Tek-Gıda İş Union covering the period January 1, 2022 - December 31, 2023. Pınar Süt was one of the first recipients of the “White Flag,” introduced for the first time in 2023 by the Turkish Ministry of Labor and Social Security to be awarded to businesses that fulfill their social security obligations in full and on time, pay their taxes in full and on time, support

unionization and comply with occupational health and safety regulation.

HEALTH-FOCUSED PRACTICES AND TRAINING

Pınar Süt supports the health of its employees with good practices and training in line with its fair human resources policy determined by Yaşar Group’s corporate culture. In the wake of the pandemic that reshaped living conditions worldwide, Pınar Süt continued to build on the experience it gained in this period to protect employee and public health in the post-pandemic period.

In 2023, health-related awareness-raising training was organized to teach partial and simple first aid practices not included in the first aid training. In addition:

- Applied ergonomics training was given to employees.
- Training on employee health and safety was provided on vehicles with displays.
- Employees were provided with “Hygiene Training” and “OHS Training.”
- Employees were provided with healthy nutrition training.
- New hires were screened for health conditions and fitness for the job.
- Periodic screening and infectious disease checks were conducted for all employees depending on their departments in 2023. These screenings and checks provided information on the working conditions of employees by department. Specific health conditions of employees, if any, were identified and followed up.
- OHS committee meetings were held monthly.

TOTAL TRAINING PROVIDED IN 2023

20,274 HOURS

AVERAGE NUMBER OF EMPLOYEES THROUGHOUT THE YEAR

1,277



You can access Pınar Süt’s Basic Human Resources Policy here.



Sustainability Approach

Pınar Süt is committed to continuously improving its environmental performance and contributing to social development in line with its sustainability approach, which is at the core of its strategies, and continues to lead the industry with its best practices.

Pınar Süt manages sustainability, at the core of its strategies, by setting targets in line with Yaşar Group's Sustainable Development Policy, sustainability approach and sustainability priorities. The Company reflects the Group's understanding of "taking good care of all its stakeholders for a better life" across its entire value chain, from supply to sales. Pınar Süt continues to contribute to the development of the industry with its efforts and good practices per the Sustainable Development Goals.

Yaşar Holding signed the United Nations Global Compact (UNGC) in 2007 and has been sharing its sustainability performance through Progress Reports in 2009 and 2010 and Sustainability Reports since 2011. The sustainability information and data of Pınar Süt are also included in these reports. In the Yaşar 2022 Sustainability Report, prepared in accordance with the basic standards of the Global Reporting Initiative (GRI) under the theme of "guided by nature for a better life," the sustainability model and performance results that guide the Group's sustainability strategy and business conduct are presented under the headings of "caring for business," "caring for employees," "caring for society," "caring for business partners," and "caring for the environment." The Yaşar 2022 Sustainability Report, which includes the environmental, social and governance efforts of Pınar Süt, and all the Sustainability and CSR Reports of Yaşar Holding can be accessed under the "Sustainability" section of Yaşar Holding's website (www.yasar.com.tr).



All Sustainability and Global Compact Reports of Yaşar Group can be accessed on the "**Sustainability**" section of Yaşar Holding's website (www.yasar.com.tr).

Yaşar Holding has a Sustainability Committee as well as a Climate Crisis Working Group and the "We Live Equally" Gender Equality Working Group established under the committee. The Yaşar Sustainability Committee, where all Group companies are represented by Sustainability Leaders, ensures coordination in the field of sustainability throughout the Group, monitors progress towards achieving sustainability goals and leads the advancement of sustainability throughout the Group. The latest developments, regulatory changes, ongoing and planned projects and works are evaluated, and best practices are shared at regular committee meetings. The Yaşar Holding

Board of Directors leads the implementation of the Yaşar Group Sustainable Development Policy by ensuring that sustainability efforts are carried out in line with priorities.

In parallel with the organization across the entire Yaşar Group, sustainability activities at Pınar Süt are carried out under the coordination of the Sustainability Committee established with the participation of Company employees. The Committee assesses risks and opportunities in the areas of environmental, social and governance sustainability, reviews policies, targets and strategies, takes actions for improvement and monitors sustainability performance.

The Climate Crisis and Gender Equality working groups established under the Pınar Süt Sustainability Committee continue to work towards sustainability.

The main sustainability strategies of Pınar Süt are defined as "developing strategies to reduce the negative effects of climate change," "supporting the personal development of our children, the guarantors of our future, in education, sports and the arts," "educating and supporting our producers for the sustainability of our country's high-quality milk production," "producing high-quality and innovative products for the balanced and healthy nutrition of individuals and society as a whole," and "creating a working environment to support the personal development of employees and meet their changing expectations."

Pınar Süt, which has a total daily raw milk processing capacity of three million liters and has created an ecosystem of approximately 500 thousand people with its three factories located in Izmir, Eskişehir and Şanlıurfa, aims to be carbon neutral by 2050. By closely following developments related to the climate crisis, Pınar Süt considers the crisis a significant risk of socio-economic and environmental impact.

Through effective waste management policies and risk assessments along its entire value chain Pınar Süt strives to reduce its carbon and water footprint and improve its environmental performance. Pınar Süt's greenhouse gas emissions, water consumption and waste data, which are monitored annually, are available on the Company's website. The emission factors used in the greenhouse gas calculations presented under Scope-1 and Scope-2 are taken from the Intergovernmental Panel on Climate Change (IPCC) and the US Environmental Protection Agency (EPA).

Pınar Süt, which conducts continuous review and improvement studies on energy use and climate change, aims to improve its energy efficiency by closely following the changes in its energy use through projects developed per its Management Systems Policy.

Having completed and commissioned the Wastewater Treatment Plant revision investment in 2023, Pınar Süt contributes to the protection of nature by ensuring a high level of wastewater treatment through the use of state-of-the-art automation systems. Meanwhile, the Company reduces fossil fuel consumption by using the biogas produced at the plant to generate steam.

Pınar Süt has been participating in the Carbon Disclosure Project (CDP) since 2015, which, through voluntary declarations, enables companies to measure and report the interaction of their operations with climate change, water resources and forest products, and the risks they face.

Through its practices in these fields Pınar Süt contributes to the targets and efforts of Yaşar Holding, a signatory of the Business Plastics Initiative as of 2019, to reduce plastic use, increase the use of recycled plastics and ensure that plastics used are recyclable.

As a requirement of the Yaşar Group's holistic sustainability approach, Pınar Süt aims to improve and develop the entire value chain from raw material supply to delivery to the consumer. Pınar Süt considers it a responsibility to extend its understanding of sustainability beyond its own corporate structure, operations and products to the suppliers with which it interacts, continues to take action in line with the targets meticulously set for each area as part of its sustainability efforts, and to expand its sphere of influence by sharing these efforts with and involving its suppliers. Through the policy of "managing the environmental, social and economic impacts of products and services throughout the life cycle and promoting good practices," the Company aims to develop and strengthen the solid bond established with stakeholders on the supplier map within the scope of this policy.

Pınar Süt aims to contribute to a sustainable future by selecting suppliers and business partners, which are among the key links in the value chain, within the framework of Environmental Responsibility, Commercial Integrity, Fair Working Standards, Human Rights and Compliance with Laws within the scope of Pınar Supplier Principles.

The "Yaşar Sustainability Competition," launched in 2016, and "Yaşar Sustainability Day," the first of which was held in 2018, encourage the implementation of projects in line with sustainability goals. Meanwhile, the training programs offered throughout the year ensure that sustainability

awareness is established and disseminated among Pınar Süt employees and all Group companies. Sustainability also forms the basis of Yaşar Group's in-house entrepreneurship efforts.

SUSTAINABLE ENVIRONMENTAL APPROACH

Yaşar Group, which continues its activities with an approach that values the environment and contributes to creating a better future, prioritizes climate crisis and gender equality issues as part of its sustainability efforts. Pınar Süt shapes its sustainability approach and environmental priorities in line with Yaşar Group's sustainability approach and goals.

Global climate change, drought, population growth and the rapid decline in natural resources give rise to environmental problems and risks. Working to improve its environmental performance with a focus on "Climate Change and Energy Management," "Water and Wastewater Management," and "Circular Economy and Waste Management," Pınar Süt sets improvement targets by measuring and evaluating the environmental impacts of all its products and processes in line with the ISO 14001 Environmental Management System and ISO 50001 Energy Management System.

With its environmental sustainability-oriented efforts, Pınar Süt aims to reduce its fossil fuel use by expanding the use of alternative energy sources, reduce its carbon footprint by investing in renewable energy and improving its energy efficiency, reduce its water footprint by curbing water consumption and increasing wastewater recovery, and reduce the amount of plastics used in packaging as part of waste reduction efforts.

Pınar Süt, which has been calculating its carbon footprint since the baseline year 2011, is committed to achieving its goal of becoming a carbon neutral company by 2050. The Company calculated and reported its carbon footprint in 2023 as well. Pınar Süt, which has been calculating and reporting its water footprint since 2013, conducts studies to monitor, measure and reduce its water consumption in production processes.

ENVIRONMENTAL POLICY

Pınar Süt, which produces using methods that do not harm the environment and human health, and that reduce resource consumption, fully complies with all relevant laws and regulations on energy and occupational health and safety.



You can access Pınar Süt's Caring for the Environment Approach and Environmental Data by scanning the QR Code on your phone.



You can find Pinar Süt's sustainability efforts and strategy [here](#).

The Company, which aims to raise its employee awareness level, and that of its customers and suppliers per its environmental policy, adopts the principles of waste reduction, recycling and reuse in all its business processes. The Company's new investment projects aim to reduce energy consumption, while maintenance programs continue to focus on energy efficiency.

To create a sustainable supply chain and promote a sustainability approach across it, the Company evaluates the presence and functioning of the environmental management systems of its suppliers, which it includes in the registration system geared toward sustainability, supporting them in making the necessary improvements.

ENERGY MANAGEMENT EFFORTS

Continuing its energy efficiency efforts, Pinar Süt successfully passed the TS EN ISO 50001:2018 Energy Management System certification audit in 2023, incorporating the relevant technologies into its business processes by implementing improvement projects to reduce resource utilization and energy consumption.

Pinar Süt implements projects to reduce its carbon and water footprint in various categories as part of "Responsible Consumption and Production," a Sustainable Development Goal, and focused on using less plastic by reducing packaging weight in line with its waste reduction efforts. These efforts resulted in a reduction in carbon dioxide emissions, water consumption and packaging volume brought to the market.

Carbon footprint reduction efforts continued at Pinar Süt's Izmir factory by setting related production activity targets. The Wastewater Treatment Plant, commissioned in 2022, reduced the carbon footprint of wastewater and treatment sludge in 2023, and assisted with the recovery and utilization of biogas. Savings in natural gas consumption were achieved by using the biogas generated during wastewater treatment at the Anaerobic Treatment Plant as fuel.

The Company produced a total of 313,617 m³ of biogas in 2023, reducing 560 tons of CO₂, continued to replace fluorescent lighting used in production units and common areas with LED lighting, saving 87,444 kWh of electricity annually, and optimized the steam used in production, saving approximately 29 tons of steam per month at the initial stage.

At the Eskişehir facility, Pinar Süt saved 37,000 kWh of electricity by switching to LED tube lighting and reduced its CO₂ emissions by 22 tons by replacing four standard efficiency electric motors with high efficiency alternatives.



Switching to LED lighting at Pinar Süt's Şanlıurfa facility in 2023 resulted in 29,074 kWh of energy savings. The Company's investments aim to increase annual savings to 82,419 kWh. The capacity of pumps used in the soft water system was adjusted depending on the factory's requirements, leading to energy savings.

WATER MANAGEMENT

As part of the ISO 14001 Environmental Management System, Pinar Süt aims to prevent pollution at the source and reduce water use by applying methods to minimize the use of natural resources. The Company conducts efficiency studies to control and reduce water consumption in all operational processes. Pinar Süt, which sets its targets by calculating its water footprint, reported its performance for 2023 under the Water Program of the voluntary CDP initiative.

With works carried out in 2023: At Pinar Süt's Izmir factory, the wastewater treatment plant was commissioned with online and laboratory analysis, and the wastewater generated was discharged within set limits. Chemicals used in treatment processes were optimized. Caustic (NaOH) consumption for neutralization purposes was reduced by an average of 30% per month compared to the previous year. The whey generated during cheese production was collected by separating it from wastewater, and sent to licensed companies to be used as a by-product, contributing to the circular economy and reducing the load on the Wastewater Treatment Plant, while saving on energy and chemicals. A "Water Team" was established to reduce water use in production activities, with water counters installed in all units to monitor consumption trends and take measurements on site. CIP washing times were optimized to reduce the water used, especially in process washing. Steam condensate water was recovered at a rate of 35-40% and reused in the boiler room.

At Pinar Süt's Eskişehir plant, efforts to minimize chemical and electricity consumption at the wastewater treatment plant continued. Throughout the year, the Company ensured discharge values below wastewater limits at the wastewater treatment plant based on instantaneous and 2-hourly analysis results. The whey generated during cheese production continued to be stored in tanks on separate lines and sent off-site to ensure industrial symbiosis.

All necessary maintenance works and equipment inspections were completed. At Pinar Süt's Şanlıurfa factory, the Company was able to monitor 96% of the water used throughout the factory by completing the installation of counters. In line with the data obtained, the amount of water consumed for cleaning the lines was reduced. In addition, the pumps in the incoming water line were revised and converted to automatic pumps with driver control. The Company aims to save 29,200 m³ of water annually with the water recovery works carried out on the machines.

WASTE MANAGEMENT

Pinar Süt continued its solution-oriented activities throughout 2023 to identify and minimize possible factors that may adversely impact the environment due to its production and material use.

The Company, which implements an Industrial Waste Management Plan, enters its internal audit data into the online system developed by the Turkish Ministry of Environment, Urban Planning and Climate Change. In addition, all waste generated during production and material use is disposed of by working with companies licensed by the Ministry. As a responsible producer, Pinar Süt contributes to the circular economy by working with licensed recycling companies for recyclable waste. Organic and household waste is sent to landfills in cooperation with metropolitan municipalities.

Pinar Süt was awarded the "Zero Waste Certificate" for all factories in 2021 as a result of its efforts to use natural resources in the most efficient way, minimize waste generation and recycle the waste generated. The Company, which fully complies with environmental regulations, continues to implement projects to collect, recycle and recover packaging waste at its source.

As part of its waste management efforts, Pinar Süt provided training to its employees in 2023 to raise their environmental awareness. The Company also organized training related to the ISO 14001 Environmental Management System. It also conducted annual Environmental Management System audits under the supervision of the Turkish Standards Institute (TSE). Pinar Süt's İzmir, Eskişehir and Şanlıurfa factories, which hold the Environmental Permit issued by



the Ministry of Environment, Urban Planning and Climate Change, underwent regular inspections and audits carried out by authorized government agencies within the scope of compliance with environmental legislation.

Pinar Süt's İzmir plant continued to separate at source, collect and dispose of waste off-site as part of its Industrial Waste Management Plan. In particular, plastic and paper/cardboard waste collected from production and shipping units was included in the Zero Waste System. All collected waste was sent to licensed recovery/recycling facilities.

Savings

- The Company saved 5,374 trees, 1,296,092 kWh of energy and 55,953 kg of greenhouse gas by recycling waste paper/cardboard.
- The Company recycled waste plastics, which resulted in a reduction of 903,631 kWh of energy and 6,417 kg of greenhouse gases.
- By recycling waste metals, the Company saved 89 tons of raw materials and 43,977 kWh of energy and reduced greenhouse gases by 6,508 kg.
- The Company saved 4.096 trees, 1,315 m³ of storage space, 2,053 kWh of energy, 6,746 m³ of water, 144,423 liters of oil and 75 tons of raw materials and reduced greenhouse gases by 57,318 kg annually by recycling mixed packaging waste.

The treatment sludge generated at the Pinar Süt Wastewater Treatment Plant was stabilized and reduced in the anaerobic digester unit established within the facility, minimizing the amount of treatment sludge generated. The Company started sending the treatment sludge, formerly sent to the landfill, to a licensed biogas production facility,

thereby generating energy from the sludge and reducing its environmental impact. The Company covered the sludge thickening and dewatering units and connected them to the deodorization unit to prevent odor emissions from these units. An additional system operating with the dry steam method was added to ensure optimum efficiency in the deodorization unit, further reducing odor emissions.

Production waste and products with expired shelf lives collected at the Izmir factory were passed through the newly-commissioned packaging separator unit and their organic contents were converted into biogas at the treatment plant. The separated packaging was transferred to licensed recycling facilities, contributing to the reduction of raw material and energy use for packaging production.

Annual environmental training was organized to raise awareness on water use reduction and waste separation. The Company renewed its 3-year Industrial Waste Management Plan.

At its Eskişehir facility, Pınar Süt separately collected and stored all waste generated throughout the facility and sent it to recycling facilities in 2023.

Savings achieved by sending recyclable waste to licensed companies, and monthly zero waste notifications:

- The Company saved 6,330 trees, 1,296,092 kWh of energy and 65,851 kg of greenhouse gas by recycling waste paper/cardboard.
- The Company recycled waste plastics, which resulted in a reduction of 706,622 kWh of energy and 5,017 kg of greenhouse gases.
- By recycling waste metals, the Company saved 16 tons of raw materials and 8,095 kWh of energy and reduced greenhouse gases by 1,197 kg.
- By recycling mixed packaging waste the Company saved 1,277 trees, 410 m³ of storage space, 640,112 kWh of energy, 2103 m³ of water, 144,423 liters of oil and 47 tons of raw materials and reduced greenhouse gases by 17,872 kg annually.

Monthly/annual declarations and notifications required for compliance with environmental legislation and legal requirements were completed on time and in full at the Eskişehir facility in 2023. Pınar Süt's Eskişehir facility, which is required to submit annual reports under the Regulation on the Monitoring of Greenhouse Gas Emissions, completed the process by contracting a verification body. Once the annual greenhouse gas emissions were calculated and verified by the verification body, the emission report was submitted

through the Ministry's Environmental Information System.

The Company provided training on environmental management and zero waste. Pınar Süt organized awareness-raising activities throughout the factory regarding energy consumption, water consumption, separation of waste at source and reduced waste generation.

At Pınar Süt's Şanlıurfa factory in 2023:

- The Company saved 866 trees, 1,296,092 kWh of energy and 9,013 kg of greenhouse gas by recycling waste paper.
- The Company recycled waste plastics, leading to a reduction of 50,823 kWh of energy and 361 kg of greenhouse gases.

The facility completed the necessary process by contracting a verification body under the Regulation on the Monitoring of Greenhouse Gas Emissions. Once annual greenhouse gas emissions were calculated and verified by the verification body, the emission report was submitted through the Ministry's Environmental Information System.

LOGISTICS OPERATIONS

Adopting the concept of "Green Logistics," Pınar Süt continues to improve its service quality by carrying out efficiency-oriented studies in logistics processes.

Within the scope of its vision of environmental sustainability Pınar Süt continued its operations throughout 2023 with a logistics model based on more and faster transportation with less distance. The service quality and performance of third-party logistics service providers, measured based on the Lean 6 Sigma model, were regularly reported monthly. In 2023, the Sigma performance level of all logistics service providers in the value chain was 3.66.

In the Dealer (Customer) Logistics Satisfaction Survey, in which approximately 100 dealers participated, Pınar Süt increased the satisfaction rate of logistics operations and the service provided to 84% in 2023 as a result of this approach.

Among the international shipments of the food business line of Yaşar Group companies nationwide in 2023, the usage rate of RIG type vehicles in durable shipments was 95% and in refrigerated shipments was 50%. Due to the reverse logistics process, the occupancy rate of vehicles assigned to return in 2023 operations was 88%. To minimize the exhaust emissions of the fixed vehicle fleet operating nationwide, the Company ensured compliance with Euro 4 and Euro 5 norms.

QUALITY-ORIENTED EFFORTS

Pınar Süt, which prioritizes quality in all areas from raw material supply to production, and distribution to export, operates per international standards in all its business processes.

In 2023, the Company continued its continuous improvement efforts through visits to existing and potential suppliers and implementing corrective actions. Food safety and quality management systems for all processes, from raw material procurement to final product delivery, were maintained with a risk-based approach and continuous improvement-oriented activities. Producing at European Union standards, Pınar Süt also works to improve its suppliers' operations to ensure healthy milk production and a sustainable industry.

All regulations directly related to food and indirectly related to the Company's field of activity were monitored, reviewed, reported and notified to relevant departments, which took action in areas of concern. The Company aimed to further increase the knowledge of regulations by sharing information throughout the factory.

In parallel with annual plans, the Company provided its employees with basic training on management systems, especially food safety and quality management systems, food, hygiene and sanitation, allergen management, critical control points, and EU and Russian Milk and Dairy Products Export Procedures.

Certificates and Documents

Pınar Süt, which certifies that it operates per international standards, holds management system certificates in the fields of Quality, Environment, Food Safety, Energy Management, and Occupational Health and Safety.

- TS EN ISO 9001 Quality Management System Certificate
- TSE FSSC 22000 Food Safety System Certificate
- TS EN ISO 14001 Environmental Management System Certificate
- TS ISO 45001 Occupational Health and Safety Management System Certificate
- 2012 TS EN ISO 50001 Energy Management System Certificate
- TSE Halal Certificate of Conformity
- TSE Covid-19 Safe Production Certificate
- TSE Product Certificate for UHT Milk and Butter
- Organic Product Production Certificate
- Zero Waste Certificate

EFFICIENCY EFFORTS

Pınar Süt, which works on the basis of maximum efficiency by prioritizing the efficient use of natural resources in its production facilities, continued the development of technological and operational processes throughout the year. The Company continued to operate using the latest and most efficient methods in its production facilities with a consumer-oriented and innovative approach. With the preliminary evaluation of orders and optimization of production batch sizes, the Company ensured that all process and packaging lines ran at maximum efficiency.

Continuing its activities in 2023 with an approach of operational excellence, the Company continued to offer customers a wide range of products without compromising on product quality and safety.

The Company carried out daily productivity measurements and analyses on all production lines, and continued to create action plans to eliminate the factors causing productivity losses and improve on current values. In this process, the efforts to invest in automation and advanced robotics were carried out uninterruptedly. Continuously improving product quality with its operational excellence approach, the Company continued to render its cost ever more competitive through increased efficiency.

Through its participatory management approach Pınar Süt continues to implement Operational Cost Improvement (OCI) projects by valuing ideas from all levels of the organization. All new employees whose recruitment process is completed are informed about the OCI system and its functioning during the orientation process, so that they can be directly involved in cost improvement processes. The Company's Operational Cost Improvement model allows employees to turn their ideas capable of eliminating disruptions in their own work flow into projects. In addition to achieving significant cost improvements with such projects and solutions, the Company supports ideas capable of contributing to Sustainability Goals. The Company monitors and manages improvements made with a focus on operational efficiency and digitalization by recording them in the existing database. In line with its investments in Information Systems, Pınar Süt has been working to improve the technological infrastructure of the OCI system and ensure the use of state-of-the-art technology. The Company plans to roll out the updated system to Group companies and put it into use with its new and user-friendly interface in the second half of 2024.

Corporate Social Responsibility

Pınar Süt continues to invest in culture, arts, sports and education to contribute to society.

PINAR CHILDREN'S THEATER

Pınar Children's Theater has reached more than three million children free of charge throughout Türkiye over the 36 years since its establishment. Pınar Children's Theater, which stands out as the first children's theater to tour all 81 provinces of Türkiye, staged the play "Little Girl and the Republic" specially prepared for the 100th Anniversary of the Republic in 2023. Little Girl and the Republic aims to explain the values of the Republic, revolution, science and the arts through the eyes of children through the characters of a museum who come to life. The play emphasizes the importance of hard work, hope and determination for the future. It also emphasizes Atatürk's great faith in the Republic and its children, aiming to raise awareness among new generations. Little Girl and the Republic makes such values interesting for the young audience by complementing them with song, dance and other visuals.

Pınar Children's Theater's older plays continue remain available for viewing on the "Her Şey Çocuklarımız İçin" YouTube channel.



You can find detailed information about the "Her Şey Çocuklarımız İçin" YouTube channel by scanning the QR Code on your phone.



You can find detailed information about the works of [Pınar Children's Theater](#) here.

INTERNATIONAL PINAR CHILDREN'S PAINTING CONTEST

The International Pınar Children's Painting Competition has been organized for 42 years with the purpose of increasing the interest of primary school children in the art of painting and discovering the painters of the future. In 2023, thousands of children between the ages of 6-14 from 7 regions of Türkiye participated in the competition, which was organized with the theme "Republic for Me" in honor of the 100th Anniversary of the Republic. Little painters painted "Republic" and "hope" in the competition.



Seven students won bicycles and seven students won bluetooth headsets in each region, while three students won bicycles and three students won bluetooth headsets in the special category for the region struck by the earthquake. In addition, all students who were successful in the competition were rewarded with professional painting kits and materials, while six students received a one-year scholarship through Yaşar Education and Culture Foundation. This year, the jury members included Prof. Mümtaz Sağlam, Faculty Member Dilek Karaaziz Şener, Faculty Member Elif Dastarlı Dellaloğlu and journalist İhsan Yılmaz. The works of 26 talented students who were successful in the 42nd Pınar Children's Painting Competition and the works deemed worthy of exhibition were presented in the Foyer Area of Yaşar University for art lovers. The works continue to be published in the Virtual Magazine for the 42nd Pınar Children's Painting Competition available at www.pinar.com.tr.



You can access the Virtual Magazine of the 42nd Pınar Children's Painting Competition, which is still published on www.pinar.com.tr, [here](#).

PINAR CHILDREN'S PAINTING WORKSHOP

The activities organized within the framework of the "Pinar Children's Painting Workshop", which has been held simultaneously with the International Pinar Children's Painting Competition since 2016, enable children to discover their interest in the art of painting and reflect their imagination on canvas. This time round, the Pinar Children's Painting Workshop, organized as part of the "42nd International Pinar Children's Painting Competition" in 2023, helped disaster-affected children in the earthquake zone to enjoy a pleasant experience. Organized in 20 tent and container cities, the workshops brought thousands of children together through the art of painting. The works of the little painters participating in the workshops were also evaluated in the competition. As a special prize for this year, three successful little painters who participated in the workshops in the earthquake zone received bicycles as a special jury award.

A COLLABORATION BETWEEN PINAR & TEGV: FIREFLY DESIGNERS AND INVENTORS

Pinar Süt, through Yaşar Education and Culture Foundation and in cooperation with the Educational Volunteers Foundation of Türkiye (TEGV), embarked on a journey to support children's education in the earthquake zone. Pinar Süt aims to help those children discover science by opening a new TEGV Firefly Learning Unit. Firefly Designers and Inventors met with children in Adıyaman as its first stop. After Adıyaman, Pinar Süt will continue to meet with children in other provinces affected by the earthquake and plans to continue this project for five years and reach 7,500 children.

The content of the Firefly Designers and Inventors Education Program is designed with a "learning together by doing" approach. The program aims to familiarize children with 3D printers, 3D design pens, electronic cards, sensors, motors, and recyclable materials. At the end of the process, children will use these tools to develop a project that will provide solutions to the problems they face in real life.

SUPPORT FOR SPORTS

Pinar Süt continues to contribute to sports under the "Pinar" brand with a corporate culture approach that focuses on "Social Citizenship." Under the leadership of Selçuk Yaşar, Founder of Yaşar Holding and Honorary President of the Group until his death in February 2023, Pinar has contributed to the ideal of creating a healthy society as the main sponsor of the Karşıyaka Basketball Team since 1998. Pinar also supports thousands of children playing sports in the youth programs of Karşıyaka Sports Club. In addition to basketball, Pinar also contributes to events in other sports branches.

Pinar KSK

YYaşar Holding continues to support the Pinar Karşıyaka Basketball Team, which is named after the Pinar brand, to unite locals, the youth and children through sports, based on the ideal of making İzmir, where the Holding was founded, a city of basketball. Pinar, which has been the main sponsor of the Karşıyaka Basketball Team for 25 years, contributes to the team by supplying drinks, in addition to its name sponsorship.

The club continues its European campaign in the Basketball Champions League within the Türkiye Sigorta Basketball Super League in the 2023-2024 season. Pinar has contributed to the sports of over 25 thousand children to date with support given to the infrastructure of the Karşıyaka Basketball Branch.



Pinar Cup Tournament

The traditional Pinar Cup Tournament, organized annually on behalf of Pinar Karşıyaka, was held on 21-23 September 2022 at the İzmir Mustafa Kemal Atatürk Karşıyaka Stadium. In addition to Pinar Karşıyaka, Manisa BSB and Ukrainian team Prometey competed fiercely in the Pinar Cup. The Pinar Karşıyaka Basketball Team, which also opened the season with the Pinar Cup, enjoyed the excitement of meeting its fans before the 2023-2024 season.



You can access Pinar's sports-related corporate social responsibility activities by scanning the QR Code on your phone.



THE PINAR INSTITUTE

The Pinar Institute, which develops projects that raise public awareness about food, health and nutrition issues and creates awareness about quality of life, has conducted its operations since 2013.

“Sütümüzün Geleceği Bilinçli Ellerde” Project

Quality and efficiency are crucial in the production of milk and dairy products. With this perspective, the “Future of Our Milk Is in Safe Hands” project, implemented to support healthy milk production, has been carried out by Pinar Institute since 2014 through public-university-industry cooperation. The project continues to provide training to increase the knowledge and experience of milk producers. The “Sustainable Food Awards,” organized for the first time by the Sustainability Academy, were presented at an award ceremony in Istanbul on 10 May 2023. Pinar Süt’s “The Future of Our Milk is in Safe Hands” project won the award in the Collaboration for Sustainable Food category at the ceremony where several food companies received awards.

The project, which aims to increase dairy farmers’ knowledge on animal health, nutrition, correct milking practices and financial literacy, has reached over 8,250 dairy farmers in 14 provinces since 2014.

Training on the dry season, birth, calf care and feeding, good milking practices, and climate and water in dairy farming were organized in Çamdibi village in Aydın, Karageyikli village in Eskişehir, the Bozan neighborhood in Eskişehir, Yakaköy village in Aydın, the Gördes district in Manisa, Sakarkaya village in Muğla, Dodurga village in Eskişehir, Kurtköy village in Bilecik and finally Çiçeközü village in Bursa in 2023.

New Training Material

A new brochure was distributed to milk producers during the training programs organized by Pinar Institute as part of the “The Future of Our Milk is in Safe Hands” project, including “Calf Care and Feeding” and “Practical Information for Dairy Farms.” To contribute to animal nutrition and high-quality milk production, the “Ration Suggestions for

Milk Producers” handbook, prepared jointly by Pinar Süt and Çamlı Yem’s Quality Department employees and academics, was distributed to milk producers during the training organizations.

New Training Module

Changing climatic conditions and increasing water use have prompted society to adopt remedial policies in these areas. Challenging climatic conditions and limited water availability, coupled with the changing seasons, has led organizations to develop new methods and strategies. This change has had a lasting impact on many industries, with the agriculture and livestock industries in particular rapidly adapting to the transformation. Pinar Institute prepared a training module on climate and water use to help milk producers navigate this change and to raise awareness on climate change and water use in agriculture. The Institute provided information on climate and water use to producers in the training programs organized from November 2023 until the end of the year.

Professional and Personal Capacity Building Program for Young Farmers

Efforts to improve agriculture and animal husbandry are becoming increasingly important worldwide. The United Nations declared the period of 2019–2028 the “Decade of Family Farming,” and as part of this, the Company initiated the “Professional and Personal Capacity Building Program for Young Farmers” in 2022. The Company looked for ways to support young farmers to ensure the sustainability of family farming. To this end, the Company investigated the motivations of young people to continue farming and identified their expectations. A research study related to these topics was designed in 2022. The Company aimed to define the strategies that should be incorporated in relevant policies to ensure the continuity of young people in agricultural production, and to identify their priorities for life in rural areas. The program successfully continued in 2023 as well.

After the workshop in İzmir, the Company decided that conducting a similar survey in another province would be more effective to disseminate the program across Türkiye. Following this decision, the Company signed a cooperation protocol with the Provincial Directorate of Agriculture and Forestry of Kütahya in August 2023. A survey was conducted with the participation of 114 young farmers in 12 districts of Kütahya in October 2023. The survey results were announced at the “Information Exchange and Closing Workshop” held at the Main Conference Hall of Yaşar University in December 2023. In addition, the declaration of

goodwill signed with the Food and Agriculture Organization of the United Nations (FAO) in August 2023 was announced to the public at the workshop. The Company also explained its plans to cooperate with the FAO to support the sustainability of agriculture and rural life.

Based on the results of the survey and the opinions received at the workshop, it was decided to develop an action plan for the development of sustainable agriculture and livestock farming. Starting from the pilot regions to be selected at the planning stage, work will be carried out in the fields of social development, education and economy to support young farmers in Türkiye. These efforts aim to socialize rural life, enable families to continue living in rural areas, increase the quality of products, create new markets or diversify and strengthen existing ones. The project seeks to improve living standards in rural areas through training and activities.

The Company implemented a number of updates and revisions to the application's homepage and interface in May 2023 to make it more user-friendly and easier for users to understand. The application was introduced to milk producers during the training programs organized as part of the "The Future of Our Milk is in Safe Hands" project.

Mobile Application for Dairy Farmers – Süt Uzmani

Dairy farmers in Türkiye are predominantly small-scale family businesses. Raising awareness among these businesses on dairy farming practices plays an important role in meeting the desired milk quality criteria and thus in the development of the industry.

Pınar Süt launched the "Dairy Expert" mobile application to support dairy farmers, increase their knowledge, encourage them to correct animal husbandry practices and provide training to farmers who cannot be reached physically. This application developed under the leadership of Pınar Institute aims to help the industry grow by adapting to the digitalizing world. Dairy Expert aims to encourage especially small-scale dairy farmers to prefer appropriate practices in livestock farming, to improve their well-being with increased income, and to boost their motivation to continue milk production.

Pınar Süt had initially come together with small-scale dairy farmers in and around Eskişehir in November-December 2022 to introduce the Dairy Expert mobile application. In December 2023, the Company met with small-scale dairy farmers in and around Bursa and introduced the Dairy Expert mobile application first-hand. Information on use of

the application was provided with posters and brochures. Pınar Süt aims to reach more small-scale milk producers with the Dairy Expert application in 2024.

Let's Move with Fun, Let's Eat Healthy

Advocating the adoption of a balanced and healthy diet as a lifestyle, Pınar Süt also values supporting physical activity. Pınar Süt launched the "Let's Move with Fun, Let's Eat Healthy" project in 2016 to support healthy generations, and continues its awareness-raising activities by focusing on preschool children as well as their teachers and parents. The project reached over 28,000 children through 776 teachers in 19 provinces between 2016 and the end of 2023.

In 2023, Pınar Süt organized a Monitoring-Evaluation Event to track the outcomes of project activities. In this context, the project team visited schools to learn about the contributions, wishes and suggestions of teachers regarding the project and to closely observe their work.

In January 2023, the Company visited independent kindergartens in Bursa and Bilecik, which were included in the project in the 2022-2023 academic year. Teachers' opinions were received via interviews to improve and transform the project.

The "Training the Trainer Event" was held online with all independent kindergarten teachers in Kocaeli and Sakarya on 9 March 2023, and with all independent kindergarten teachers in Isparta and Burdur on 9 December 2023 as part of the project implemented in cooperation with the General Directorate of Basic Education of the Turkish Ministry of National Education.

Healthy Living Sessions

The talk sessions, held on different topics and with expert academics since 2018 to raise public awareness on food, health and nutrition issues, and to correct common misconceptions, continued online and face-to-face in 2023.

The Company aims to correct misconceptions and reduce misinformation on health, nutrition and food issues through Healthy Living Sessions. In this context, the new series of Healthy Living Sessions, which hosted expert guests, was posted on Pınar Institute's YouTube channel in July 2023. Pediatric Endocrinologist Assoc. Prof. Erdem Durmaz talked about various issues such as kids' active engagement in sports, early puberty, excess weight and short stature in children.

Another guest, Expert Pediatric Dietitian Kader Atlı talked

about children's nutrition, the role of milk and dairy products, the effect of diet on growth and insulin resistance. Expert Dietitian Kader Atlı organized training on "Proper Nutrition for Employees" for our colleagues on 4 October 2023 at the Training Hall of the Social Building of Pınar Süt's İzmir Factory. Kader Atlı explained what office workers should do to avoid gaining excess weight due to a sedentary life.

Kader Atlı organized another training on "Proper Nutrition for Employees" for our colleagues at Yaşar Birleşik Pazarlama at the Company's Warehouse in Dudullu, İstanbul on 27 December 2023. Kader Atlı explained what office workers should do to avoid gaining excess weight due to a sedentary life.

Scientific Article Award

The Pınar Institute Scientific Article Award was launched to support scientific projects intended to raise public awareness on quality life within the framework of the Pınar Institute's mission "to support research and education to contribute to the healthy development of society." The Institute aimed to encourage researchers and future studies by supporting academic studies on food, health and nutrition.

Organized for the fourth time in 2023, the Pınar Institute Scientific Article Award was given to articles published in peer-reviewed journals between 2019 and 2022 covering "food, health, nutrition and agriculture" under the theme of "sustainability." The award took into account criteria such as contribution to scientific literature, social benefit and applicability. The application process was finalized in September 2023, and the evaluation of 80 articles was completed in December 2023. The authors of selected articles were awarded a cash prize.



You can learn more about Pınar Institute's work [here](#).

SPECIAL PUBLICATIONS

Pınar Newspaper

Addressing issues such as nutrition, milk and meat technologies and livestock health, Pınar Newspaper is an important source of reference for farmers. The newspaper, which also includes content such as farm interviews and news from Pınar, is sent to Pınar's business partners. The new issue of the quarterly published Pınar Newspaper and the entire archive can be found at www.pinar.com.tr.

Benim Pınarım

Benim Pınarım magazine is published quarterly for Company employees to strengthen communication and commitment within the organization. The magazine contains news about the Company, up-to-date information about employees, internal announcements and special content.

Pınar'la Yaşam Social Media Accounts

Pınar provides useful and up-to-date information to families through mother-child communication via its X, Instagram and Facebook accounts and YouTube channel, and informs the youth on issues such as sports and environmental awareness. In this manner Pınar, which also includes Social Responsibility and sustainability issues in its accounts, aims to bring together different target groups. The Company supports the artistic development of children by organizing workshops on its Instagram accounts.

SPONSORSHIPS

Pınar Süt also supports events that promote the development of gastronomy and culinary culture in Türkiye.

Events Attended in 2023:

- Central Anatolia Career Fair, 1-2 March 2023
- SIAL CHINA 2023 Fair, 18-20 May 2023
- 7th International İzmir Economics Congress, 17-18 May 2023
- In Search of Excellence Symposium, 7 June 2023
- 92nd İzmir International Fair, 1-10 September 2023
- WorldFood İstanbul, 3-6 September 2023
- 3rd National Dairy Farming Congress, 5-6 October 2023
- Anuga Fair, 7-11 October 2023
- Migros 100th Anniversary Fair, 20-22 October 2023
- Symposium on Safe Food for Children, 17-18 October 2023
- 2nd Innovation in Agriculture, Food and Gastronomy Summit, 2-3 November 2023
- Gasto Ege, 23 November 2023
- Urla'da Birlik Charity Run, 19 November 2023

Awards

Pınar Süt received several awards for its high-quality products and services in 2023 as well.

Pınar Kefir Cup and Pınar Protein Suzme Cheese were named the "Innovative Products of the Year"

Pınar's Protein Suzme Cheese and Kefir Cup products were awarded in the sixth "Innovative Products of the Year" survey conducted this year by YouGov Market Research and Survey Company.

Pınar Süt among the first 20 companies in Türkiye to receive the White Flag Award

Companies that fulfilled the criteria set out for the White Flag application launched as an initiative of the Turkish Ministry of Labor and Social Security received their awards on 3 May 2023. Pınar Süt was among the first 20 companies in Türkiye to receive the White Flag award.

Pınar Süt won the Collaboration for Sustainable Food Award

The "Sustainable Food Awards," organized for the first time by the Sustainability Academy, were presented on 10 May 2023. Pınar Institute's "The Future of Our Milk is in Safe Hands" project won the award in the "Collaboration for Sustainable Food" category.

Award to Pınar Süt from the Aegean Exporters' Associations

Pınar Süt was recognized by the Aegean Exporters' Associations as the company with the highest exports in the milk and dairy products category in the Aegean Region.

Award to Pınar Süt's Şanlıurfa factory

Pınar Süt received the 100% Support to Employment in the City Award.



Pınar, the "Brand that Embraces the Values of the Republic!"

In a survey conducted by Marketing Türkiye Magazine and Research Companies, Pınar was ranked among the "Brands that Embrace the Values of the Republic."

Two Awards for Pınar Children's Theater

Pınar Children's Theater was awarded by Çiğli Municipality and Direklerarası Children's Theaters.

Award to Pınar Süt from Yıldız Technical University

Pınar was selected as the Star of Food in the Milk category at the Stars of Food Award Ceremony organized by Yıldız Technical University's Food Club.

CORPORATE MANAGEMENT PRACTICES AND FINANCIAL INFORMATION

Board of Directors

İdil Yiğitbaşı

Chairperson of the Board of Directors

İdil Yiğitbaşı graduated from the American Collegiate Institute in 1982 and completed her bachelor's in Business Administration at Boğaziçi University in 1982 and an MBA at Indiana University in 1989. İdil Yiğitbaşı, who started her career in Yaşar Group as an executive assistant in 1986, was an Assistant System and Financial Analysis Coordinator between 1990-1995, the Coordinator of Pınar Food Group in 1995, the Vice President of Pınar Food Group between 1997-2001, the Vice President responsible for Pınar Food Group's Milk and Dairy Products between 01 February 2001 and 31 January 2006, and a Member of the Board of Directors in various Group companies. She served as the Vice Chairperson of the Board of Directors of Yaşar Holding between 2003-2009 and as the Chairperson of the Board of Directors of Yaşar Holding between 2009-2015. İdil Yiğitbaşı has been the Vice Chairperson of the Board of Directors of Yaşar Holding and the Chairperson and member of the Board of Directors of Yaşar Group companies since April 2015. She is the Vice Chairperson of Selçuk Yaşar Sports and Education Foundation, a Member of the Board of Directors of Yaşar Education and Culture Foundation, a Member of the Board of Directors of the Aegean Region Chamber of Industry (EBSO) and İzmir Culture, Art and Education Foundation (İKSEV), Member of the Foreign Economic Relations Board of Turkey's (DEİK) UK Business Council Executive Board, Member of the Advisory Board of the Aegean Young Businessmen Association (EGİAD), Member of the Turkish Industry and

Business Association (TÜSİAD), Member of the Turkish Dairy, Meat and Food Industrialists' and Producers' Association (SETBİR), Member of the Aegean Industry and Business Association (ESİAD), Member of the Family Businesses Association (TAİDER), Member of the Advertisers Association (RVD) and Member of the Corporate Governance Association of Turkey (TKYD).

E. Feyhan Yaşar

Vice Chairperson of the Board of Directors

Feyhan Yaşar started her career in 1978 at DYO, a Yaşar Group company. She then served in the Yaşar Group as a manager in the fields of finance and management. After Selçuk Yaşar became Honorary President, she assumed the position of Chairperson of the Yaşar Holding Board of Directors from 2004-2009. Feyhan Yaşar, who served on the Board of Directors of Group companies for many years, assumed the position of Deputy Chairperson of Yaşar Holding from 2014 to 2021.

Feyhan Yaşar is the Chairperson of the Board of Directors of Yaşar Holding as of January 2022. She also serves on the Boards of Directors of Group companies. Active in numerous non-governmental organizations that support social development in the fields of education, culture, and the arts and sports, as well as business life, Yaşar is also the Chairperson of the Board of Directors of Yaşar Education and Culture Foundation, Chairperson of the Selçuk Yaşar Sports and Education Foundation's Board of Trustees, and Trustee Board Member of Yaşar University.

In addition to her business life, she served as a Member of the Board of Directors of TÜSİAD, Chairperson of the Beverage Industry Assembly of the Union of Chambers and Commodity Exchanges of Turkey (TOBB), and Chairperson of the Danish Business Council of DEİK, also participating in annual DAVOS meetings as a Member of the World Economic Forum (WEF).

Currently, she is a Member of the Executive Board of the United Arab Emirates Business Council of the

Foreign Economic Relations Board (DEİK), a Member of the EBSO Assembly, a Member of the SEV Board of Trustees, a Member of the Board of Trustees of the Bosphorus University Foundation, a Member of TUSIAD, SETBIR and ESIAD, and a Member of the Board of Trustees of the Turkish Family Planning Foundation. Feyhan Yaşar, who has been providing personal support to the Teos Ancient City excavations in Seferihisar, Izmir, carried out by the Ministry of Culture and Tourism since 2011, has also been the Honorary Consul of Luxembourg since 2014. In May 2021, she was honored for her services by the Grand Duchy of Luxembourg with the "Order of the Oak Crown."

Feyhan Yaşar completed her undergraduate education at Boğaziçi University, Faculty of Administrative Sciences, Department of Business Administration, and completed her master's in the Department of Economics at Dokuz Eylül University. She speaks English and French.

Metin Akman

Independent Board Member

Born in 1966 in Ankara, Metin Akman received his bachelor's from the Department of Business Administration of the Faculty of Economics and Administrative Sciences of METU in 1989 and a master's from the Department of International Economic Law of the Faculty of Law of Bilkent University in 2013. Akman started his professional career at Unilever in 1989 and then continued his career as an entrepreneur. Chairperson of the Board of Directors at Nutreco - Trouw Nutrition Türkiye until 2019, Akman currently serves as chairperson of the board of Directors at Yuniko, a joint venture company with Anaco egg products, Atilen and Schaffelaarbos based in the Netherlands. In addition, since 2019, Metin Akman has been a member of the Board of Trustees of Yaşar University and a member of the Board of Directors of Pınar Süt. He was elected as chairperson of the Board of Directors at YÜSAD, which was established in 2020 to increase the competitiveness and sustainability of the Turkish egg industry worldwide. Believing in the importance of social development, Metin Akman actively contributes to the works of non-governmental organizations and sectoral associations that represent unity, volunteering and solidarity, as well as business life. Metin Akman, a member of TÜSİAD, TÜYEKAD, Hacettepe Nazmi Hosal Education Foundation, YUMBİR, IEC, and SKD, was elected a Member of the Board of Directors of TÜSİAD in 2014 and served until 2019. He is a corporate member of the United Nations Global Compact, a company of Anaco Egg Products, of which he is Chairman of the Board of Directors. Akman, who also takes part in international organizations, has been the President of the Business at OECD Agriculture and Food Commission since 2014.

Yeşim Gura

Independent Board Member

Yeşim Gura completed her bachelor's in Business Administration at Boğaziçi University in 1989 and her MBA at Indiana University in 1991 with a scholarship from TEV. Having started her career as a Financial Analyst at Procter & Gamble A.Ş. in 1991, Gura served as Sales Finance Director, Finance Group Manager, Corporate Finance Director, Financial Analysis Director and Budget Planning Director. Gura, who held senior positions at Danone Hayat İçecek ve Gıda Sanayi A.Ş. between 2004 and 2017, served as the General Manager of the company for eight years starting from 2009. She later served as the General Manager of Altıparmak Gıda A.Ş. ve Draeger Medikal ve Korunma Teknolojileri A.Ş. She held the positions of Vice Chairperson of the Board of Directors of Draeger Türkiye and member of the European Leadership Team. Providing services as a strategic consultant in Türkiye, Europe and the US since May 2020, Yeşim Gura currently works as a Business Coach and Senior Executive Coach under the European Commission's Innovation Program. She is currently an Independent Board Member at QNB Finansbank and Sanko Holding Company Süper Film A.Ş.

Having received the Qualified Risk Director title awarded by the internationally-accredited DCRO Institute in 2021, Yeşim Gura became a member of the Advisory Board of this organization.

Gura is a member of the IU Kelley School of Business Global Dean's Council and a Board Member of YÜD (Board Members Association). She speaks English and French.

Seçkin Şenol**Independent Board Member**

Seçkin Şenol graduated from the Business Administration Department, Faculty of Economics and Administrative Sciences, Dokuz Eylül University in 1985. Mr. Şenol started his professional career in the private sector in the Budget Control and Analysis Department in 1986 and served in various positions until 1998. He was appointed Manager of the Budget and Planning Department in 1997 and Budget Control and Analysis Coordinator of Yaşar Holding in 2003. In addition to his existing duties, he took part in the investment evaluation, performance evaluation, efficiency and sustainability committees, and various Group projects. Mr. Şenol worked as the Budget Control and Analysis Coordinator until 2017. He served as an Independent Board Member at Dyo Boya Fabrikaları San. ve Tic. A.Ş., Pınar Süt Mamulleri Sanayii A.Ş. and Pınar Entegre Et ve Un Sanayii A.Ş. Mr. Şenol holds a Certified Public Accountant (CPA) license and is also involved in various non-governmental organizations.

Yılmaz Gökoğlu**Board Member**

Having completed his primary, secondary, and high school education in İzmir, Yılmaz Gökoğlu graduated from the Department of Economics and Finance, Faculty of Political Sciences, Ankara University in 1977. From 1978 to 1982, he served as an Account Specialist at the Ministry of Finance. Yılmaz Gökoğlu, who left his position at the Ministry in 1983 and joined the Yaşar Group as Assistant Financial Affairs Coordinator, worked as Assistant General Manager of Financial Affairs at Dyosad A.Ş. between 1988-1990 and Assistant General Manager of Financial Affairs at Tuborg A.Ş. between 1990-1995. Gökoğlu served as Audit Coordinator and Financial Affairs and Subsidiaries Coordinator at Yaşar Holding from 1995, Vice President of Financial Affairs and Subsidiaries from July 2000, and Vice President of Audit, in addition to his current duties since April 2001. He was elected as a Member of the Board of Directors of Yaşar Holding in April 2007. She served as the Deputy Chairperson of the Board of Directors of Yaşar Holding between April 2009 and April 2014. Yılmaz Gökoğlu, who also serves as the General Secretary of the Boards of Directors at Yaşar Holding, is a Board Member and Committee Member in Group companies. He is also a member of the Administrative Committee of the Yaşar Education and Culture Foundation. He is a Member of the Chamber of Chartered Accountants, a Member of the Association of Account Specialists, a Member of the Mülkiyeliler Association, and a Member of the Assembly of the Aegean Region Chamber of Industry. Yılmaz Gökoğlu holds Independent Auditor and Certified Public Accountant licenses.

Mehmet Aktaş**Board Member**

Mehmet Aktaş, who started his career as an Assistant Auditor in the Presidency of the Court of Accounts in 1983, joined the Ministry of Finance, Tax Inspectors Board in 1984 and was appointed as the Chief Accountant of the Ministry of Finance in 1994. He served as an Advisor to the State Minister Responsible for the Economy. In 1995, he left his duties in the state and joined Yaşar Group as Presidency Advisor. After serving in various senior management positions within the Group, in 2000, he was appointed Vice Chairman of Strategic Planning, Budget and Corporate Finance. Having been appointed Yaşar Holding's Chief Executive Officer (CEO) in July 2007, Aktaş has been serving as a Board Member and the Chief Executive Officer (CEO) of Yaşar Holding since May 2009. Mehmet Aktaş serves on the Board of Directors of Yaşar Group companies and the Tax Inspectors Foundation. He has been the Chairperson of the Food Working Group at TUSIAD since 2017, and is involved in civil society activities of the economic world with memberships of TUSIAD, ESIAD, KOTEDER, TURKTRADE, the Turkish Exporters Assembly, the Mülkiyeliler Association and TURMOB. In addition, he holds the Certified Public Accountant and Independent Auditor licenses. Mehmet Aktaş graduated from Ankara University, Faculty of Political Sciences in 1983, completed his master's in the Department of Economics at Vanderbilt University in the USA in 1992, and received a PhD in finance from the Faculty of Economics and Administrative Sciences at 9 Eylül University in 2003.

In Yaşar Group, of which the Company is also a member, it is possible that the members of the Board of Directors are also members of the Board of Directors of other Group companies and that various transactions between these companies can be evaluated within the scope of Article 395/1 of the TCC. However, the parties to the transactions that can be evaluated within this scope are only Group companies and necessary permissions are obtained at the general assembly of each company.

RISK MANAGEMENT, INTERNAL CONTROL SYSTEM AND INTERNAL AUDIT ACTIVITIES

RISK MANAGEMENT

The scope of Corporate Risk Management activities to be applied to companies within the Yaşar Group, as well as working procedures and principles, have been determined within the framework of the Regulation. In this context, under which framework the risk management activities should be carried out, duties and responsibilities related to risk management, processes, reports, trust procedures and risk management terminology have been established.

At the Company, "Corporate Risk Management" has started to be implemented as a systematic process in which risks are defined, analyzed, controlled, and monitored. This method has the power to minimize the costs arising from unexpected adverse events and their effects on the asset values of our Company.

Risk Management Policy of the Company

The Company's Board of Directors adopts risk management strategies to minimize the effect and possibility of risks that may affect shareholders in the first place and all Company stakeholders. It ensures that the necessary actions are taken within this context.

Activities of the Early Detection of Risk Committee

The Early Detection of Risk Committee carries out its activities to detect risks early on and to create an effective risk management system.

The Committee monitors corporate risk management activities to create a prioritized risk inventory within the framework of risk management policy and procedures, determines appropriate risk strategies, monitors the results by taking necessary actions, and provides necessary guidance.

Future Risks on Sales, Productivity, Income Generating Capacity, Profitability, Debt / Equity Ratio and Similar Issues

Within the framework of the risk management policy and procedures adopted throughout the Group, efforts are made to create a risk inventory in terms of all Company activities and take necessary actions.

In this context:

- The risks that the Company is exposed to are prioritized according to their impacts and possibilities after being

grouped under strategic, operational, financial, external, and compliance main headings,

- Current controls for risks of high concern are reviewed in terms of their design and implementation, and the most appropriate strategies and actions are determined,
- Results of actions taken are monitored, and
- Results and possible developments are reported to the relevant units and evaluated.

INTERNAL CONTROL SYSTEM AND INTERNAL AUDIT ACTIVITIES

Controls can be defined as all kinds of practices aimed at eliminating occurrences that may adversely affect the Company's achievement of its goals or to reduce their impact and possibility of occurrence. Standard definitions, policies and procedures, job descriptions, and authorization structures for business processes constitute the internal control mechanism. In this context, all control systems, including preventive/detecting and remedial systems, have been established by the management in order for the Company to carry out its business activities effectively and efficiently.

By means of the internal control systems established within the Company, the effectiveness and efficiency of operations, reliability of the financial reporting system, compliance with legal regulations, and assurance on these issues are targeted. These control mechanisms also protect the Company's assets, reputation, and profitability.

The Company's accounting system, public disclosure of financial information, independent audit, and oversight of the operation and efficiency of the partnership's internal control system are essentially carried out by the Audit Committee established by the Company's Board of Directors. While the Audit Committee fulfills the said function, the Audit Function of the Group makes use of the findings of the Independent Audit and Certified Public Accounting organizations.

Within the scope of internal audit activities, the effectiveness of the Company's existing risk management system and the adequacy, effectiveness, and efficiency of the internal control system are evaluated, and suggestions are made for its improvement. In addition, the determination and implementation processes of the necessary actions for the determinations and suggestions within this scope are closely followed.

LEGAL DISCLOSURES

Information on the Extraordinary General Assembly Meetings Held During the Year, if any

The Ordinary General Meeting of the Company was held on 29 March 2023, and the decisions made were implemented. There was no Extraordinary General Assembly Meeting held in 2023.

Affiliated Company Report

The conclusion part of the report prepared by the Board of Directors of our Company pursuant to Article 199 of the Turkish Commercial Code is as follows:

Per Article 199 of the Turkish Commercial Code numbered 6102, which entered into force on 01 July 2012, the Board of Directors of our Company, within the first three months of the current year of activity, is obliged to prepare a report on the relations of the Company with the controlling shareholder and affiliated companies of the controlling shareholder for the previous activity year, and is required to include the conclusion part of this report in its Annual Report.

Necessary explanations about the transactions made by the Company with the related parties are included in the footnotes to the financial statements. In this report prepared by the Board of Directors of the Company, in all transactions carried out with the controlling shareholder of the Company and the subsidiaries of the controlling partner in 2023, an appropriate counteraction in each transaction according to the state and conditions known to us at the time the transaction was made, or when the action was taken, or avoided being taken. There are no measures taken or avoided that may cause damage to the Company, and there is no action or measure that requires offsetting within this framework.

Grants and Donations

The company can provide assistance and donations to foundations, associations, universities and similar organizations that are social organizations in accordance with the principles established by The Capital Market Board. In 2023, our Company furnished donations and grants in a total of TRY 5,652,699 to various institutions and organizations.

Information Regarding Lawsuits Filed Against the Company That May Affect the Company's Financial Status and Activities and Possible Consequences of Such Lawsuits

Explanation on the subject is included in footnote 14 of our financial statements drawn for the period 01.01.2023 - 31.12.2023.

Disclosures Regarding Administrative or Judicial Sanctions Imposed Against the Company and Members of the Management Body Due to Practices Deemed Contrary to the Legislative Provisions

There are no administrative or judicial sanctions imposed on the Company and its management body members due to practices deemed contrary to the provisions of the legislation.

Amendments Made to the Articles of Association during the Period

There is no change in the Articles of Association.

Financial Benefits Furnished to Members of the Board of Directors and Senior Executives

Financial benefits furnished to the Chairperson and Members of the Board of Directors are determined within the framework of the Remuneration Policy posted on our website. The total amount of wages and similar payments provided to the senior executives is TRY 58,457,786.

Disclosures Regarding Independent and Public Audit During the Fiscal Period

Explanation on the subject is included in footnote 14 of our financial statements drawn for the period 01.01.2023 - 31.12.2023.

Information on Conflicts of Interest between the Company and Providers of Consultancy and Rating Services within the Accounting Period

No conflict of interest occurred with service providers in 2023.

Statement on Company Equity

As of 31 December 2023, the equity level of TRY 6,702,143,433 and the issued capital of TRY 44,951,051 are excessively protected.

Voting Rights and Minority Interests

The following privileges are available in nominating candidates for the Board of Directors in Article 8 of the Company's Articles of Association:

"If the board of Directors consists of 5 people, 3 members of Group a, 1 member of Group B and 1 member of Group C are selected, if it consists of 7 people, 4 members of Group A, 2 members of Group B, 1 member of Group C are selected; if it consists of 9 people, 5 members of Group A, 3 members of Group B, 1 member of Group C are selected from among the candidates to be shown by shareholders.

If the board of Directors decides, the Managing Member can be elected. However, the Chairperson of the Board of Directors and the Managing Director are determined from the members representing Group A.

Regarding the exercise of voting rights, there are no provisions in the Company's Articles of Association that prevent a non-shareholder from voting by proxy as a representative. Each share has one voting right. Article 23 of the Company's Articles of Association, in which voting is regulated, is as follows:

"The votes to be used in the electronic General Assembly system are reserved, and the vote at the General Assembly meetings is held openly and by a raising of hands. However, it is necessary to apply secret voting upon the request of those who own one-tenth of the capital represented by the shareholders present at the meeting. In terms of votes used by proxy, compliance is made with the regulations of the Capital Market Board."

There is no Company in which the Company is mutually affiliated.

Working Principles of the Board of Directors

The working principles of the Board of Directors are regulated in Article 10 of the Company's Articles of Association. Accordingly:

"The Board of Directors will convene as the business affairs of the Company requires it to do so. However, it must convene at least once a month. The Board of Directors convenes with the majority of the total number of members and makes decisions with the majority of the members present at the meeting."

Details regarding the working principles of the Board of Directors and the 2023 fiscal year are as follows:

The Board of Directors convened 193 times in the relevant period.

Usually, all members attend the meetings. Damages to be inflicted to the Company by the faults of the members of the Board of Directors during their duties are insured to cover 25% of the capital.

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

In our Company, the Audit Committee, the Corporate Governance Committee and the Early Detection of Risk Committee have been established.

The duties of the Nomination Committee and the Remuneration Committee are carried out by the Corporate Governance Committee. While fulfilling their activities, the Board of Directors Committees follow the working principles available on the Company's website.

Mr. Metin Akman is the Chairperson of the Audit Committee and Mrs. Yeşim Gura is the member of the Committee. Both members are non-executive, non-affiliated board members. Audit Committee meetings are held at least once every three months, at least four times a year. Within the scope of the committee activities, information on the operations of the Company and internal control systems were obtained from the Company executives, whereas audit findings were collected from the independent auditors. The committee supervises the accounting system of the partnership, the disclosure of financial information to the public, and the functioning and efficiency of the independent audit and internal control system. In addition, it carries out the selection of the independent audit firm, the preparation of the independent audit contract and the initiation of the independent audit process, and the observance of the work of the independent audit firm. It informs the Board of Directors of the truthfulness and accuracy of the annual and interim financial statements to be disclosed to the public.

The Corporate Governance Committee's Chairperson is non-executive and independent board member Mrs. Yeşim Gura,

Committee Members are non-executive and independent board member Mr. Metin Akman, non-executive board member Mr. Yılmaz Gökoğlu, and the Director of the Investor Relations Department Mr. Barış Kav. Corporate Governance Committee meetings are held at least once every 3 months, at least four times a year. The Corporate Governance Committee determines whether the Corporate Governance Principles are applied in the Company, the reason if not, and the conflicts of interest that arise due to not fully complying with these principles. It also recommends the Board of Directors to take remedial measures. The Corporate Governance Committee oversees the work of the Investor Relations Department.

Within the scope of the duties of the Nomination Committee, the Corporate Governance Committee works on establishing a transparent system for determining, evaluating, training, and rewarding candidates suitable for the Board of Directors, as well as determining policies and strategies in this regard. In addition, it evaluates the candidate proposals for independent membership, including the management and shareholders, by considering whether the candidate meets the independence criteria and submits its evaluation to the Board of Directors for approval.

The Corporate Governance Committee determines the recommendations of the members of the Board of Directors and senior executives regarding the remuneration principles, taking into account the long-term goals of the company within the scope of the Remuneration Committee's duties.

The Early Detection of Risk Committee is responsible for early diagnosis of risks that may endanger the existence, development and continuation of the Company, taking necessary precautions regarding the detected risks and carrying out studies for the proper management of risks. The Committee's Chairperson is non-executive and independent board member Mr. Metin Akman, and the Committee Members are non-executive and independent board member Mrs. Yeşim Gura and non-executive board member Mr. Seçkin Şenol.

In the assessments made by the Board of Directors of the Company, it was determined that all committees of the Company were established in accordance with legislation, that activities were carried out effectively within the framework of the working principles previously established and published on our Company's website, that a sufficient number of meetings were held periodically during the year, and that as a result of these meetings, it is ascertained that the Audit Committee ensured the supervision of the Company's accounting system and financial information and the effectiveness of its public disclosure, and regularly submitted its findings, opinions and suggestions on this subject to the Company's Board of Directors, that the Corporate Governance Committee made determinations about strengthening compliance with Corporate Governance Principles and submitted them to the Board of Directors together with their suggestions, and that the Early Detection of Risk Committee reviewed the effectiveness of internal controls and risk management processes and the structure of early warning systems and models for risks, as well as identifying risks.

Strategic Objectives of the Company

The Board of Directors establishes corporate strategies and targets in line with the Company's vision, growth, and profitability expectations. The principles that will guide the strategies above are determined by the senior management, and the degree of achievement of the targets, activities, and past performance are evaluated at monthly meetings.

Dividend Distribution Policy

The Dividend Distribution Policy of Pınar Süt Mamulleri Sanayii A.Ş. for 2013 and the following years, which was prepared in line with Capital Markets Legislation, was submitted for the approval of the 2013 Ordinary General Assembly and disclosed to the public and the information in mention can be found on the Investor Relations page of the Company's corporate website (www.pinar.com.tr) available in Turkish and English.

AGENDA

AGENDA FOR THE ORDINARY GENERAL ASSEMBLY MEETING DATED MAY 31, 2024

1. Opening and election of the Meeting Chair.
2. Authorization of the Meeting Chair to sign the General Assembly Meeting Minutes.
3. Reading, discussion, and approval of the 2023 Activity Report prepared by the Company's Board of Directors.
4. Reading and discussion of the Independent Audit Report for the 2023 accounting period.
5. Reading, discussion, and approval of the Financial Statements for the 2023 accounting period.
6. Ratification of the membership of the Board Member elected to fill the vacancy during the year.
7. Discharge of the Board Members due to the Company's activities in 2023.
8. Submission for approval by the general assembly of the selection of the Independent Audit Firm made by the Board of Directors in accordance with the Turkish Commercial Code and Capital Markets Board regulations.
9. Discussion and decision regarding the amendment of Article 6 titled "Registered Capital" of the Company's Articles of Association, subject to obtaining the necessary approval from the Capital Markets Board and the Ministry of Commerce.
10. Determination of the number of Board Members and their terms of office, election based on the determined number of members, and selection of independent board members.
11. Determination of the remuneration, attendance fees, bonuses, and similar rights of the Board Members in accordance with Article 408 of the Turkish Commercial Code.
12. Providing information to shareholders regarding guarantees, pledges, mortgages, and sureties given in favor of third parties, along with the income and benefits derived from them, in accordance with Article 12 of the Capital Markets Board's Corporate Governance Communiqué II-17.1.
13. Providing information to shareholders about donations made during the year and submission of the donation limit determined under Capital Markets Legislation for the general assembly's approval.
14. Discussion and decision regarding the profit for the year.
15. Permission for the Board Members to carry out transactions in accordance with Articles 395 and 396 of the Turkish Commercial Code.
16. Wishes and opinions, closure.

DECLARATION OF NON-AFFILIATION

As a non-affiliated candidate for the Board of Directors at PINAR SÜT MAMULLERİ SANAYİİ A.Ş (the “Company”)

- There is no employment relationship in the managerial position that had undertaken important duties and responsibilities in the past five years, there is no joint or sole ownership of more than 5% of the capital or voting rights or preferred shares, no significant commercial relationship has been established between me, my spouse and my relatives up to the second degree by blood and marriage; with the Company, partnerships that possess or have a significant influence on the management control of the Company, and partners who possess or have a significant influence on the management control of the Company or legal entities over which these partners have management control,
- In the past five years, I have not been a shareholder (5% or more), employed in a managerial position to assume important duties and responsibilities, or a member of the board of directors of companies in which the Company purchases or sells services or products to a significant extent within the framework of agreements entered during the periods when services or products are purchased or sold. Nor have I partaken in the audit (including tax audit, legal audit, internal audit) in the first place, rating and consultation activities of the Company,
- I have the professional education, knowledge, and experience to fulfill the duties I will undertake due to being an independent board member,
- I am not working full-time in public institutions and organizations after being elected as a member, except as a university lecturer, provided that it is per the legislation I am bound with,
- I am deemed to be residing in Turkey according to Income Tax Law No. 193 dated 31/12/1960,
- I have strong ethical standards, professional reputation, and experience that can contribute positively to the activities of the Company, maintain my impartiality in conflicts of interest between the company and shareholders, and make decisions freely taking into account the rights of the stakeholders,
- I will be able to devote time to Company affairs to the extent that would enable me to follow the functioning of Company activities and fully fulfill the requirements of the tasks I have undertaken,
- I have not served as a member of the Company’s Board of Directors for more than six years in total within the past ten years,
- I have not served as an independent board member in more than three of the companies controlled by the Company or its shareholders who have management control, and in more than five of the companies listed on the stock exchange in total,
- I have not been registered and declared in name as the legal person elected as a member of the Board of Directors, Hence, I am capable of fulfilling my duty as an independent member of the Company’s Board of Directors.

Respectfully Yours,

Metin AKMAN



DECLARATION OF NON-AFFILIATION

As a non-affiliated candidate for the Board of Directors at PINAR SÜT MAMULLERİ SANAYİİ A.Ş (the “Company”)

- There is no employment relationship in the managerial position that had undertaken important duties and responsibilities in the past five years, there is no joint or sole ownership of more than 5% of the capital or voting rights or preferred shares, no significant commercial relationship has been established between me, my spouse and my relatives up to the second degree by blood and marriage; with the Company, partnerships that possess or have a significant influence on the management control of the Company, and partners who possess or have a significant influence on the management control of the Company or legal entities over which these partners have management control,
- In the past five years, I have not been a shareholder (5% or more), employed in a managerial position to assume important duties and responsibilities, or a member of the board of directors of companies in which the Company purchases or sells services or products to a significant extent within the framework of agreements entered during the periods when services or products are purchased or sold. Nor have I partaken in the audit (including tax audit, legal audit, internal audit) in the first place, rating and consultation activities of the Company,
- I have the professional education, knowledge, and experience to fulfill the duties I will undertake due to being an independent board member,
- I am not working full-time in public institutions and organizations after being elected as a member, except as a university lecturer, provided that it is per the legislation I am bound with,
- I am deemed to be residing in Turkey according to Income Tax Law No. 193 dated 31/12/1960,
- I have strong ethical standards, professional reputation, and experience that can contribute positively to the activities of the Company, maintain my impartiality in conflicts of interest between the company and shareholders, and make decisions freely taking into account the rights of the stakeholders,
- I will be able to devote time to Company affairs to the extent that would enable me to follow the functioning of Company activities and fully fulfill the requirements of the tasks I have undertaken,
- I have not served as a member of the Company’s Board of Directors for more than six years in total within the past ten years,
- I have not served as an independent board member in more than three of the companies controlled by the Company or its shareholders who have management control, and in more than five of the companies listed on the stock exchange in total,
- I have not been registered and declared in name as the legal person elected as a member of the Board of Directors, Hence, I am capable of fulfilling my duty as an independent member of the Company’s Board of Directors.

Respectfully Yours,

Yeşim GÜRA



DECLARATION OF NON-AFFILIATION

As a non-affiliated candidate for the Board of Directors at PINAR SÜT MAMULLERİ SANAYİİ A.Ş (the “Company”)

- There is no employment relationship in the managerial position that had undertaken important duties and responsibilities in the past five years, there is no joint or sole ownership of more than 5% of the capital or voting rights or preferred shares, no significant commercial relationship has been established between me, my spouse and my relatives up to the second degree by blood and marriage; with the Company, partnerships that possess or have a significant influence on the management control of the Company, and partners who possess or have a significant influence on the management control of the Company or legal entities over which these partners have management control,
- In the past five years, I have not been a shareholder (5% or more), employed in a managerial position to assume important duties and responsibilities, or a member of the board of directors of companies in which the Company purchases or sells services or products to a significant extent within the framework of agreements entered during the periods when services or products are purchased or sold. Nor have I partaken in the audit (including tax audit, legal audit, internal audit) in the first place, rating and consultation activities of the Company,
- I have the professional education, knowledge, and experience to fulfill the duties I will undertake due to being an independent board member,
- I am not working full-time in public institutions and organizations after being elected as a member, except as a university lecturer, provided that it is per the legislation I am bound with,
- I am deemed to be residing in Turkey according to Income Tax Law No. 193 dated 31/12/1960,
- I have strong ethical standards, professional reputation, and experience that can contribute positively to the activities of the Company, maintain my impartiality in conflicts of interest between the company and shareholders, and make decisions freely taking into account the rights of the stakeholders,
- I will be able to devote time to Company affairs to the extent that would enable me to follow the functioning of Company activities and fully fulfill the requirements of the tasks I have undertaken,
- I have not served as a member of the Company’s Board of Directors for more than six years in total within the past ten years,
- I have not served as an independent board member in more than three of the companies controlled by the Company or its shareholders who have management control, and in more than five of the companies listed on the stock exchange in total,
- I have not been registered and declared in name as the legal person elected as a member of the Board of Directors, Hence, I am capable of fulfilling my duty as an independent member of the Company’s Board of Directors.

Respectfully Yours,

Seçkin ŞENOL



STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES OF PINAR SÜT MAMULLERİ SANAYİİ A.Ş.

a) PINAR SÜT MAMULLERİ SANAYİİ A.Ş. (The "Company") complied with all mandatory articles of Corporate Governance Principles in the annex of Corporate Governance Communiqué numbered II-17.1 published by the Capital Markets Board (CMB) during the operating period that ended on December 31, 2023

b) Our Company strives to comply fully with the non-compulsory principles of Corporate Governance Principles. The justifications on the basis of non-mandatory principles that have not been implemented are explained below; as of the current date, these issues are not considered to cause a significant conflict of interest.

The explanations to be made by our Company per Article 8 of the Corporate Governance Communiqué regarding the non-compulsory corporate governance principles that have not yet been complied with are presented below, per each principle:

1.3.11. There is no clause in the Articles of Association of our Company regarding the participation of the beneficiaries and the media in the general assembly. Independent audit firm officials also attend our general assembly meetings, and our Company has not received any request from other beneficiaries or members of the media to participate.

1.4.2 In accordance with Article 19 of the Articles of Association, Group A shares in the name of the holder were granted three votes, and Group B bearer shares were granted one vote.

1.5.2 In line with general practices, rights have been granted to the minority within the framework of the provisions of general regulations. Within the context of our Company's capital structure and free float ratio, the practice is foreseen to continue as is at present.

4.3.9 No policy has been established for the rate of female members on the Company's Board of Directors, but there are currently four female members on our Board of Directors.

4.4.7 The members of the Board of Directors of our Company are not restricted from taking on other duties outside the Company, and the duties of the members of the Board of Directors outside the Company are presented to the shareholders by including them in the Annual Report.

4.5.5 There are three Independent Members on the Board of Directors of our Company, and one member of the Board of Directors serves on more than one committee. The fact that the members of the Board of Directors serve on more than one committee increases the possibility of communication and cooperation between the committees.

4.6.1 There is no performance evaluation system for the Board of Directors.

4.6.5 In line with general practices, the remuneration of the Board Members and managers with administrative responsibilities are disclosed collectively in the Annual Report.

Our Company is not exposed to any conflict of interest due to not fully complying with the non-mandatory principles.

The 2023 Corporate Governance Compliance Report (URF) and Corporate Governance Information Form (KYBF) prepared per the CMB's Decision No. 2/49 dated 10.01.2019, are separately disclosed at the public and corporate website of the Public Disclosure Platform (www.kap.gov.tr). Related documents can also be accessed from our Company's corporate governance page found on the Public Disclosure Platform website (<https://www.kap.org.tr/tr/sirket-bilgileri/ozet/1059-pinar-sut-mamulleri-sanayii-a-s>).

The Sustainability Principles Compliance Report, which was prepared per the format specified by the CMB's Communiqué on the Amendment of the Corporate Governance Communiqué (II-17.1) on October 2, 2020 (II-17.1.a) and the addition of Sustainability Principles and the Decision No. 34/977 dated June 23, 2022, is included in the Annual Report (pages 58-65) and is also disclosed to the public on our Company's corporate website (www.kap.gov.tr). The relevant report can also be accessed from our Company's Corporate Governance page found on the Public Disclosure Platform website (<https://www.kap.org.tr/tr/sirket-bilgileri/ozet/1059-pinar-sut-mamulleri-sanayii-a-s>).

SUSTAINABILITY PRINCIPLES COMPLIANCE REPORTING

		Company Compliance Status					
	PRINCIPLES	Yes	No	Partial	Not Applicable	EXPLANATION	REPORT INFORMATION ON PUBLICLY DISCLOSED INFORMATION (PAGE NUMBER, MENU NAME ON THE WEBSITE)
A. GENERAL PRINCIPLES							
A1. Strategy, Policy and Goals							
A1.1.	The prioritised environmental, social and corporate governance (ESG) issues, risks and opportunities have been determined by the Company's Board of Directors.	✓				Yaşar 2022 Sustainability Report covers the sustainability performance of 10 Group companies between January 1, 2022 - December 31, 2022. This report, which includes Pınar Süt, has been prepared with the aim of sharing the approach, strategies, studies and performance results in the field of sustainability with stakeholders.	Yaşar 2022 Sustainability Report Sustainability Approach and Management (p. 20-28) Risk Management (p. 57-58) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Süt 2023 Annual Report Sustainability Approach (Pages 30-36)
A1.1.	The ESG policies (Environmental Policy, Energy Policy, Human Rights and Employee Policy etc.) have been created and disclosed to the public by the Company's Board of Directors.	✓				Strategies and targets are determined within the framework of Yaşar Group Sustainability Policy and Company policies.	Yaşar 2022 Sustainability Report Sustainable Development Policy (Pages 21-22) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Süt website https://eng.pinar.com.tr/aboutus/detail/Management-Systems-Policy/3258/3952/0
A1.2.	The short and long-term targets set within the scope of ESG policies have been disclosed to the public.			✓		The target of becoming carbon neutral by 2050 is available to public.	Yaşar 2022 Sustainability Report Sustainability Journey (Page 34) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Süt 2023 Annual Report Sustainability Approach (Pages 30-36)
A2. Implementation/Monitoring							
A2.1.	The responsible committees and/or business units for the implementation of ESG policies and the senior officials related to ESG issues in the Company and their duties have been identified and disclosed to the public	✓				It is stated in Yaşar Holding Sustainability Reports and Pınar Süt Annual Reports.	Yaşar 2022 Sustainability Report Sustainability Approach and Management (Pages.25-27) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Süt 2023 Annual Report Sustainability Approach (Pages 30-36)
A2.1.	The activities carried out within the scope of policies by the responsible committee and/ or unit have been reported to the Board of Directors at least once a year.	✓				It is stated in Yaşar Holding Sustainability Reports and Pınar Süt Annual Reports.	Yaşar 2022 Sustainability Report Sustainability Approach and Management (Pages 25-27) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Süt 2023 Annual Report Sustainability Approach (Pages 30-36)
A2.2.	In line with the ESG targets, the implementation and action plans have been formed and disclosed to the public.	✓				It is stated in Yaşar Holding Sustainability Reports and Pınar Süt Annual Reports.	Yaşar 2022 Sustainability Report Caring for Society (Pages 83-116) Caring For Environment (Pages 123-124) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Süt 2023 Annual Report Sustainability Approach (Pages 30-36)
A2.3.	The Key ESG Performance Indicators (KPI) and the level of reaching these indicators have been disclosed to the public on yearly basis.			✓		Environmental data is stated in Pınar website / Sustainability section by "Caring For Environment" document.	https://eng.pinar.com.tr/images/pdf/Pinar-sut-caring-for-environment.pdf

SUSTAINABILITY PRINCIPLES COMPLIANCE REPORTING

		Company Compliance Status					
	PRINCIPLES	Yes	No	Partial	Not Applicable	EXPLANATION	REPORT INFORMATION ON PUBLICLY DISCLOSED INFORMATION (PAGE NUMBER, MENU NAME ON THE WEBSITE)
A2.4.	The activities for improving the sustainability performance of the business processes or products and services have been disclosed to the public.	✓				It is stated in Yaşar Holding Sustainability Reports and Pınar Süt Annual Reports.	Yaşar 2022 Sustainability Report Sustainability Report (Pages 34, 37, 38, 40, 42, 44, 48, 88, 99-101) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Süt 2023 Annual Report Sustainability Approach (Pages 30-36)
A3. Reporting							
A3.1.	The information about the sustainability performance, targets and actions have been given in annual reports of the Company an understandable, accurate and sufficient manner.	✓				It is stated in Yaşar Holding Sustainability Reports and Pınar Süt Annual Reports.	Yaşar 2022 Sustainability Report https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Süt 2023 Annual Report Sustainability Approach (Pages 30-36)
A3.2.	The information about activities which are related to the United Nations (UN) 2030 Sustainable Development Goals have been disclosed to the public.	✓				It is stated in Yaşar Holding Sustainability Reports and Pınar Süt Annual Reports.	Yaşar 2022 Sustainability Report Compliance with Sustainable Development Goals (Pages 23-24) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Süt 2023 Annual Report Sustainability Approach (Pages 30-36)
A3.3.	The lawsuits filed and/or concluded against the Company about ESG issues which are material in terms of ESG policies and/or will significantly affect the Company's activities, have been disclosed to the public.	✓				Information on important lawsuits filed against the company are included in the Annual Report in the Legal Disclosures.	Pınar Süt 2023 Annual Report Legal Disclosures (Pages 48-50)
A4. Verification							
A4.1.	The Company's Key ESG Performance metrics have been verified by an independent third party and publicly disclosed.			✓		Every year, corporate governance ratings are made by independent organizations based on corporate governance principles. Although sustainability studies in environmental and social areas and performance follow-up are carried out; No verification by an independent third party is made on the data.	Yaşar 2022 Sustainability Report Corporate Governance (Pages 43, 52) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Süt 2023 Annual Report Senior Management (Page 5)
B. ENVIRONMENTAL PRINCIPLES							
B1.	The policies and practices, action plans, environmental management systems (known by the ISO 14001 standard) and programs have been disclosed.	✓				It is stated in Yaşar Holding Sustainability Reports and Pınar Süt Annual Reports.	Yaşar 2022 Sustainability Report (Pages 118-120) Caring for Environment (Pages 124-134) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Süt 2023 Annual Report Sustainability Approach (Pages 30-36)
B2.	The environmental reports prepared to provide information on environmental management have been disclosed to the public which is including the scope, reporting period, reporting date and limitations about the reporting conditions.	✓				It is stated in Yaşar Holding Sustainability Reports and Pınar Süt Annual Reports.	Yaşar 2022 Sustainability Report 2022 About the Sustainability Report (Pages 3-4) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Süt 2023 Annual Report Sustainability Approach (Pages 30-36)

SUSTAINABILITY PRINCIPLES COMPLIANCE REPORTING

		Company Compliance Status					
	PRINCIPLES	Yes	No	Partial	Not Applicable	EXPLANATION	REPORT INFORMATION ON PUBLICLY DISCLOSED INFORMATION (PAGE NUMBER, MENU NAME ON THE WEBSITE)
B4.	The environmental targets within the scope of performance incentive systems which included in the rewarding criteria have been disclosed to the public on the basis of stakeholders (such as members of the Board of Directors, managers and employees).			✓		It is stated in Pınar Süt Annual Reports.	Pınar Süt 2023 Annual Report Sustainability Approach (Pages 30-36)
B5.	How the prioritised environmental issues have been integrated into business objectives and strategies has been disclosed.	✓				It is stated in Yaşar Holding Sustainability Reports and Pınar Süt Annual Reports.	Yaşar 2022 Sustainability Report Caring for Environment (Pages 124-134) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Süt 2023 Annual Report Sustainability Approach (Pages 30-36)
B7.	The way of how environmental issues has been managed and integrated into business objectives and strategies throughout the Company's value chain, including the operational process, suppliers and customers has been disclosed.	✓				They are stated in Yaşar Holding Sustainability Reports and Pınar Süt Annual Reports.	Yaşar 2022 Sustainability Report Caring for Business Partners (Pages 118-122) Caring for Environment (Pages 124-134) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Süt 2023 Annual Report Sustainability Approach (Pages 30-36) Strong Collaboration with Suppliers (Pages 18-19)
B8.	Whether the Company have been involved to environmental related organizations' policy making processes and collaborations with these organizations has been disclosed.					It is stated in Yaşar Holding Sustainability Reports and Pınar Süt Annual Reports.	Yaşar 2022 Sustainability Report Stakeholder Dialogue (Pages 26-28, 59) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Süt 2023 Annual Report Sustainability Approach (Pages 30-36)
B9.	In the light of environmental indicators (Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect), air quality, energy management, water and wastewater management, waste management, biodiversity impacts)), information on environmental impacts is periodically disclosed to the public in a comparable manner.			✓		Pınar Süt's studies on greenhouse gas emissions, water footprint calculations, energy efficiency and waste management are included in the Yaşar 2022 Sustainability Report within the total Yaşar values. Also Pınar Süt values are added to the Pınar website. Greenhouse gas emissions on Scope 1 and Scope 2 are calculated, and the calculation of Scope 3 is work in progress.	Yaşar 2022 Sustainability Report Caring For Environment (Pages 124-134) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Süt website https://eng.pinar.com.tr/images/pdf/Pinar-sut-caring-for-environment.pdf
B10.	Details of the standard, protocol, methodology, and baseline year used to collect and calculate data has been disclosed.	✓				It is stated in Yaşar Holding Sustainability Reports and Pınar Süt Annual Reports.	Yaşar 2022 Sustainability Report 2022 About the Sustainability Report (Pages 3-4) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Süt 2023 Annual Report Sustainability Approach (Pages 30-36)
B11.	The increase or decrease in Company's environmental indicators as of the reporting year has been comparatively disclosed with previous years.	✓				It is present in Yaşar 2022 Sustainability Report within the values of Yaşar. Also Pınar Süt values are stated in Pınar website / Sustainability section by "Caring For Environment" document.	Yaşar 2022 Sustainability Report Caring for Environment (Pages 124-134) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Süt website https://eng.pinar.com.tr/images/pdf/Pinar-sut-caring-for-environment.pdf

SUSTAINABILITY PRINCIPLES COMPLIANCE REPORTING

		Company Compliance Status					
	PRINCIPLES	Yes	No	Partial	Not Applicable	EXPLANATION	REPORT INFORMATION ON PUBLICLY DISCLOSED INFORMATION (PAGE NUMBER, MENU NAME ON THE WEBSITE)
B12.	The short and long-term targets for reducing the environmental impacts have been determined and the progress compared to previous years' targets has been disclosed.			✓		Pinar Süt sets its targets, follows them and discloses its data to reduce its environmental impacts. Studies on science-based target setting are work in progress.	Yaşar 2022 Sustainability Report Caring for Environment (Pages 124-134) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pinar Süt's 2023 Annual Report Sustainability Approach (Pages 30-36)
B13.	A strategy to combat the climate crisis has been created and the planned actions have been publicly disclosed.	✓				It is stated in Yaşar Holding Sustainability Reports and Pinar Süt Annual Reports. Additionally, these strategies are expressed on the Pinar website.	Yaşar 2022 Sustainability Report Climate Change and Energy Management (Pages 124-128) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf PinarSüt website https://eng.pinar.com.tr/images/pdf/Pinar-sut-caring-for-environment.pdf Pinar Süt's 2023 Annual Report Sustainability Approach (Pages 30-36)
B14.	The programs/procedures to prevent or minimize the potential negative impact of products and/or services on the environment have been established and disclosed.	✓				It is stated in Yaşar Holding Sustainability Reports and Pinar Süt Annual Reports.	Yaşar 2022 Sustainability Report Caring For Environment (Pages 124-134) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pinar Süt 2023 Annual Report Sustainability Approach (Pages 30-36)
B14.	The actions to reduce greenhouse gas emissions of third parties (suppliers, subcontractors, dealers, etc.) have been carried out and disclosed.			✓		Environmental impacts are taken into account in supplier assessments and audits.	Yaşar 2022 Sustainability Report Caring for Business Partners (Pages 118-122) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pinar Süt 2023 Annual Report Sustainability Approach (Pages 30-36) Strong Collaboration with Suppliers (Pages 18-19)
B15.	The environmental benefits/ gains and cost savings of initiatives/projects that aims reducing environmental impacts have been disclosed.	✓				It is stated in Yaşar Holding Sustainability Reports and Pinar Süt Annual Reports.	Yaşar 2022 Sustainability Report Sustainability Developments in 2022 (Pages 36-40) Caring For Environment (Pages 124-134) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pinar Süt 2023 Annual Report Sustainability Approach (Pages 30-36)

SUSTAINABILITY PRINCIPLES COMPLIANCE REPORTING

		Company Compliance Status					
	PRINCIPLES	Yes	No	Partial	Not Applicable	EXPLANATION	REPORT INFORMATION ON PUBLICLY DISCLOSED INFORMATION (PAGE NUMBER, MENU NAME ON THE WEBSITE)
B16.	The data related to energy consumption (natural gas, diesel, gasoline, LPG, coal, electricity, heating, cooling, etc.) has been disclosed as Scope-1 and Scope-2.	✓				It is included in the total data of Yaşar Group in the Yaşar 2022 Sustainability Report. It is stated in Pinar website / Sustainability section.	Yaşar 2022 Sustainability Report Climate Change and Energy Management (Page 126) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pinar Süt website https://eng.pinar.com.tr/images/pdf/Pinar-sut-caring-for-environment.pdf
B17.	The information related to production of electricity, heat, steam and cooling as of the reporting year has been disclosed.			✓		A certain amount of the steam used is produced and is included in the total emission.	Yaşar 2022 Sustainability Report Climate Change and Energy Management (Page 126) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pinar Süt website https://eng.pinar.com.tr/images/pdf/Pinar-sut-caring-for-environment.pdf
B18.	The studies related to increase the use of renewable energy and transition to zero/ low carbon electricity have been conducted and disclosed.			✓		Transition to low-carbon electricity is being carried out. Feasibility studies within the scope of renewable energy are work in progress.	Yaşar 2022 Sustainability Report (Page 37) Climate Change and Energy Management (Pages 125-126) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf
B19.	The renewable energy production and usage data has been publicly disclosed.		✓			There is no use of renewable energy in the relevant reporting period.	
B20.	The Company conducted projects about energy efficiency and the amount of reduction on energy consumption and emission achieved through these projects have been disclosed.	✓				It is stated in Yaşar Holding Sustainability Reports and Pinar Süt Annual Reports.	Yaşar 2022 Sustainability Report Sustainability Developments in 2022 (Pages 36-42) Environment, Climate Change and Energy Management (Pages 125-128) PinarSüt website https://eng.pinar.com.tr/images/pdf/Pinar-sut-caring-for-environment.pdf Pinar Süt 2023 Annual Report Sustainability Approach (Pages 30-36)
B21.	The water consumption, the amount, procedures and sources of recycled and discharged water from underground or above ground (if any), have been disclosed.	✓				It is included in the total data of Yaşar Group in the Yaşar 2022 Sustainability Report. It is stated in Pinar website / Sustainability Section.	Yaşar 2022 Sustainability Report Water and Wastewater Management (Pages 129-130) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf PinarSüt website https://eng.pinar.com.tr/images/pdf/Pinar-sut-caring-for-environment.pdf

SUSTAINABILITY PRINCIPLES COMPLIANCE REPORTING

		Company Compliance Status					
	PRINCIPLES	Yes	No	Partial	Not Applicable	EXPLANATION	REPORT INFORMATION ON PUBLICLY DISCLOSED INFORMATION (PAGE NUMBER, MENU NAME ON THE WEBSITE)
B22.	The information related to whether Company's operations or activities are included in any carbon pricing system (Emissions Trading System, Cap & Trade or Carbon Tax).		✓			The company is not included in any carbon pricing system.	
B23.	The information related to accumulated or purchased carbon credits within the reporting period has been disclosed.		✓			No carbon credits were used during the related reporting period.	
B24.	If carbon pricing is applied within the Company, the details have been disclosed.		✓				
B25.	The platforms where the Company discloses its environmental information have been disclosed.	✓				It is stated in Yaşar 2022 Sustainability Report.	Yaşar 2022 Sustainability Report Caring For Environment (Pages 123-134) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pinar Süt 2023 Annual Report Sustainability Approach (Pages 30-36)
C. SOCIAL PRINCIPLES							
C1. Human Rights and Employee Rights							
C1.1.	The Institutional Human Rights and Employee Rights Policy has been established in the light of the Universal Declaration of Human Rights, ILO Conventions ratified by Turkey and other relevant legislation. The policy and the officials that responsible for the implementation of it have been determined and disclosed.	✓				It is stated in Yaşar Holding Sustainability Reports and Pinar Süt Annual Reports.	Yaşar 2022 Sustainability Report (Pages 4, 21, 57-58, 70-72, 118) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pinar Süt's 2023 Annual Report Pinar Süt Family (Pages 28-29)
C1.2.	Considering the effects of supply and value chain, fair workforce, improvement of labour standards, women's employment and inclusion issues (gender, race, religion, language, marital status, ethnic identity, sexual orientation, gender identity, family responsibilities, union activities, political opinion, disability, social and cultural differences, etc., such as nondiscrimination) are included in its policy on employee rights.	✓				It is stated in Yaşar Holding Sustainability Reports, Pinar Süt Investor Relations website and Pinar Süt Annual Reports.	Yaşar 2022 Sustainability Report Taking Good Care Of Employees (Pages 70-76) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pinar Süt's 2023 Annual Report Pinar Süt Family (Pages 28-29) Sustainability Approach (Pages 30-36) Pinar Süt Investor Relations Website Yaşar Group Code of Business Ethics https://yatirim.pinar.com.tr/yatirim.aspx?dil=N1JVaUtOZVBVMTewZVpkU250Yjh4dz10
C1.3.	The measures taken for the minority rights/equality of opportunity or the ones who are sensitive about certain economic, environmental, social factors (low income groups, women, etc.) along the supply chain have been disclosed.	✓				It is stated in Yaşar Holding Sustainability Reports and Pinar Süt Annual Reports.	Yaşar 2022 Sustainability Report Taking Good Care Of Employees (Pages 70-76) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pinar Süt's 2023 Annual Report Pinar Süt Family (Pages 28-29)
C1.4.	The developments regarding preventive and corrective practices against discrimination, inequality, human rights violations, forced and child labour have been disclosed.	✓				It is stated in Yaşar Holding Sustainability Reports, Pinar Süt Investor Relations website and Pinar Süt Annual Reports.	Yaşar 2022 Sustainability Report Taking Good Care Of Employees(Pages 70-76) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pinar Süt's 2023 Annual Report Pinar Süt Family (Pages 28-29) Pinar Süt Investor Relations Website Yaşar Group Code of Business Ethics https://yatirim.pinar.com.tr/yatirim.aspx?dil=N1JVaUtOZVBVMTewZVpkU250Yjh4dz10

SUSTAINABILITY PRINCIPLES COMPLIANCE REPORTING

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	PRINCIPLES	Yes	No	Partial	Not Applicable	EXPLANATION	REPORT INFORMATION ON PUBLICLY DISCLOSED INFORMATION (PAGE NUMBER, MENU NAME ON THE WEBSITE)
C1.5.	Investments in employees (education, development policies), compensation, fringe benefits, right to unionize, work/ life balance solutions and talent management are included in the employee rights policy.	✓				It is stated in Yaşar Holding Sustainability Reports and Pinar Süt Annual Reports.	Yaşar 2022 Sustainability Report Taking Good Care Of Employees(Pages 70-76) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pinar Süt 2023 Annual Report Pinar Süt Family (Pages 28-29)
C1.5	The mechanism for employee complaints and resolution of disputes have been established and related solution processes have been determined.	✓				It is stated in Yaşar Holding Sustainability Reports, Pinar Süt Investor Relations website and Pinar Süt Annual Reports.	Yaşar 2022 Sustainability Report Taking Good Care Of Employees (Pages 70-76) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pinar Süt 2023 Annual Report Pinar Süt Family (Pages 28-29) Pinar Süt Investor Relationship Website – Yaşar Group Code of Business Ethics https://yatirim.pinar.com.tr/UserFiles/CODE_OF_BUSINESS_ETHICS.PDF
C1.5.	The activities carried out within the reporting period which related to ensure employee satisfaction have been disclosed.	✓				It is stated in Yaşar Holding Sustainability Reports and Pinar Süt Annual Reports.	Yaşar 2022 Sustainability Report Taking Good Care Of Employees (Pages 70-76) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pinar Süt 2023 Annual Report Pinar Süt Family (Pages 28-29)
C1.6.	The measures taken for protecting health, preventing occupational accidents and related statistics have been disclosed.	✓				They are stated in Yaşar Holding Sustainability Reports and Pinar Süt Annual Reports.	Yaşar 2022 Sustainability Report Taking Good Care Of Employees- Occupational Health and Safety (Pages 81-82) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pinar Süt 2023 Annual Report Pinar Süt Family (Pages 28-29)
C1.6.	The measures taken for protecting health, preventing occupational accidents and related statistics have been disclosed.	✓				It is stated in Yaşar Holding Sustainability Reports and Pinar Süt Annual Reports.	Yaşar 2022 Sustainability Report Taking Good Care Of Employees- Occupational Health and Safety (Pages 81-82) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pinar Süt 2023 Annual Report Pinar Süt Family (Pages 28-29)
C1.7.	The personal data protection and data security policies have been established and disclosed.	✓				It is stated on the Pinar Süt Web Site.	Pinar Süt Website https://eng.pinar.com.tr/aboutus/detail/About-Us/3219/1722/0
C1.8.	The ethics policy have been established and disclosed.	✓				It is stated in Yaşar Holding Sustainability Reports and on the Pinar Süt Investor Relations website.	Yaşar 2022 Sustainability Report Taking Good Care Of Business- Ethics and Compliance (Pages 54-56) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pinar Süt Investor Relationship Website – Yaşar Group Code of Business Ethics https://yatirim.pinar.com.tr/UserFiles/CODE_OF_BUSINESS_ETHICS.PDF

SUSTAINABILITY PRINCIPLES COMPLIANCE REPORTING

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C1.9.	The studies related to social investment, social responsibility, financial inclusivity and access to finance have been explained.			✓		It is stated in Yaşar Holding Sustainability Reports and Pinar Süt Annual Reports.	Yaşar 2022 Sustainability Report Taking Good Care Of Society- Social Investment (Pages 102-103) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pinar Süt's 2023 Annual Report Corporate Social Responsibility (Pages 37-41) Corporate Governance Practices and Financial Information (Pages 43-46)
C1.10.	The informative meetings and training programs related to ESG policies and practices have been organized for employees.	✓				It is stated in Yaşar Holding Sustainability Reports and Pinar Süt Annual Reports.	Yaşar 2022 Sustainability Report (Pages 36,37,44,55,102,125-126) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pinar Süt 2023 Annual Report Pinar Süt Family (Pages 28-29) Sustainability Approach (Pages 30-36)
C2. Stakeholders, International Standards and Initiatives							
C2.1.	The customer satisfaction policy regarding the management and resolution of customer complaints has been prepared and disclosed.	✓				It is stated in Yaşar Holding Sustainability Reports and Pinar Süt Annual Reports.	Yaşar 2022 Sustainability Report (Pages 84,94-95) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pinar Süt 2023 Annual Report Pinar Süt Consumers and Customers (Pages 23-27)
C2.2.	The information about the communication with stakeholders (which stakeholder, subject and frequency) have been disclosed.	✓				It is stated in Yaşar Holding Sustainability Reports and on the Pinar Süt Investor Relations website.	Yaşar 2022 Sustainability Report Sustainability Approach and Management (Page 26) Stakeholder Dialogue (Page 59) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pinar Süt Investor Relations Website Corporate Governance - Disclosure Policy https://yatirim.pinar.com.tr/UserFiles/2024/PNSUT%20-%20DISCLOSURE%20POLICY.pdf

SUSTAINABILITY PRINCIPLES COMPLIANCE REPORTING

		Company Compliance Status					
	PRINCIPLES	Yes	No	Partial	Not Applicable	EXPLANATION	REPORT INFORMATION ON PUBLICLY DISCLOSED INFORMATION (PAGE NUMBER, MENU NAME ON THE WEBSITE)
C2.3.	The international reporting standards that adopted in reporting have been explained.	✓				It is stated in Yaşar Holding Sustainability Reports and Pınar Süt Annual Reports.	Yaşar 2022 Sustainability Report About the About the Sustainability Report (Page 4-5) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Süt 2023 Annual Report Sustainability Approach (Pages 32-38)
C2.4.	The principles adopted regarding sustainability, the signatory or member international organizations, committees and principles have been disclosed.	✓				It is stated in Yaşar Holding Sustainability Reports and Pınar Süt Annual Reports.	Yaşar 2022 Sustainability Report About the About the 2022 Sustainability Report (Page 4) About Yaşar Group (Pages 5-9) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Süt 2023 Annual Report Sustainability Approach (Pages 32-38)
C2.5.	The improvements have been made and studies have been carried out in order to be included in the Borsa İstanbul sustainability indices and/or international index providers.	✓				Pınar Süt is included in the Borsa İstanbul Sustainability Index by 2022. It is stated in Yaşar 2022 Sustainability Report.	Yaşar 2022 Sustainability Report Sustainability Journey (Page 34) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf
D. CORPORATE GOVERNANCE PRINCIPLES							
D1.	The opinions of stakeholders have been sought in the determination of measures and strategies related to sustainability field.	✓				It is stated in Yaşar 2022 Sustainability Report.	Yaşar 2022 Sustainability Report Sustainability Approach and Management (Pages 20-28) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf
D2.	The social responsibility projects, awareness activities and trainings have been carried out to raise awareness about sustainability and its importance.	✓				It is stated in Yaşar Holding Sustainability Reports and Pınar Süt Annual Reports.	Yaşar 2022 Sustainability Report (Pages 9, 56, 72, 80, 99-103) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Süt's 2023 Annual Report Corporate Social Responsibility (Pages 39-43)

STATEMENT OF RESPONSIBILITY

STATEMENT OF RESPONSIBILITY PREPARED IN ACCORDANCE WITH ARTICLE 9 OF THE COMMUNIQUE ON THE PRINCIPLES OF FINANCIAL REPORTING IN CAPITAL MARKETS REGULATION NO II-14.1 OF THE CAPITAL MARKETS BOARD

Per CMB regulations, we declare that the Statement of Financial Position and its footnotes, Comprehensive Income Statement, Cash Flow Statement and the Statement of Equity Changes of the Annual Report of the Board of Directors prepared in compliance with Türkiye Accounting Standards/Türkiye Financial Reporting Standards (IAS/IFRS) and format specified by the CMB per the “Communiqué On Principles of Financial Reporting In Capital Markets” (Communiqué) no. II-14.1 and Resolution dated 28.12.2023 on the application of inflation accounting of Capital Markets Board (CMB) for the accounting period of 01.01.2023 - 31.12.2023 adopted by the Board decision no. 2024/54 and dated 08.05.2024 of Pınar Süt Mamulleri Sanayii A.Ş. prepared by our Company, which have been independently audited,

1. That our Company examined them,
2. Within the framework of the information that we have in our field of duty and responsibility of our Company, they contain no false statements on important matters or any deficiencies that may be consequentially misleading as of the date of disclosure,
3. That within the framework of the information we have in our field of duty and responsibility of our Company, our financial statements prepared per the Communiqué honestly reflect the truth about the assets, liabilities, financial situation, and profit and loss of the enterprise, and that our Annual Report honestly reflects the development and performance of the business and the financial situation of the enterprise, together with the significant risks and uncertainties faced,

We have reviewed the Corporate Governance Compliance Report (“URF”) and the Corporate Governance Information Form (“KYBF”) prepared for the fiscal period of 01.01.2023 - 31.12.2023 within the framework of the CMB’s decision dated 10.01.2019 and no. 2/49, and that the said reports were prepared in accordance with the procedures and principles determined in the resolution referred to in the CMB’s Corporate Governance Communiqué no. II-17.1 in line with CMB regulations.

Respectfully yours,

PINAR SÜT MAMULLERİ SANAYİİ A.Ş.

Metin AKMAN

Chairperson of the Audit Committee



Yeşim GÜRA

Member of the Audit Committee



Gürkan HEKİMOĞLU

General Manager



PINAR SÜT MAMÜLLERİ SANAYİİ A.Ş.

**FINANCIAL STATEMENTS AS
AT 31 DECEMBER 2023
AND INDEPENDENT AUDITOR'S REPORT**

**(CONVENIENCE TRANSLATION INTO ENGLISH -
THE TURKISH TEXT IS AUTHORITATIVE)**



KPMG Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
Adalet Mah. Manas Bulvarı, No:39
Folkart Towers, B Kule, Kat: 35
Bayraklı 35530 İzmir
Tel +90 232 464 2045
Fax +90 232 464 2145
www.kpmg.com.tr

**CONVENIENCE TRANSLATION OF THE INDEPENDENT AUDITOR’S REPORT ORIGINALLY
PREPARED AND ISSUED IN TURKISH TO ENGLISH**

To the Shareholders of Pınar Süt Mamülleri Sanayii Anonim Şirketi

A) Audit of the Financial Statements

Opinion

We have audited the financial statements of Pınar Süt Mamülleri Sanayii Anonim Şirketi (“the Company”) as at 31 December 2023, the statements of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards (“TFRS”).

Basis for Opinion

We conducted our audit in accordance with Standards on Auditing which is a component of the Turkish Auditing Standards as adopted within the framework of the Capital Markets Board (“CMB”) regulations, published by the Public Oversight Accounting and Auditing Standards Authority (“POA”) (“Standards on Auditing issued by POA”). Our responsibilities under Standards on Auditing issued by POA are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We declare that we are independent of the Company in accordance with the Code of Ethics for Auditors issued by POA (*including Independence Standards*) (“POA’s Code of Ethics”) and the ethical principles regarding independent audit of financial statements in the CMB legislation and other relevant legislation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key Audit Matters

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

Revenue recognition

Refer to notes 2.6 and 19 to the financial statements for summary of significant accounting policies and significant accounting estimates and assumptions for revenue recognition.

<u>The key audit matter</u>	<u>How the matter was addressed in our audit</u>
<p>The main activity of the Company is the production and sales of fruit juices, sauces and powder products, mainly milk and dairy products (cheese, yoghurt, etc.). The Company's revenue consists of domestic and foreign sales, and revenue is recorded as soon as performance obligations regarding product sales are fulfilled.</p> <p>The Company has TL 10,862,329,843 revenue as of 31 December 2023.</p> <p>The recognition of revenue in the period when the product is sold is related to the sales contract of the product and depends on the proper evaluation of the control over the terms of the contract.</p> <p>The revenue recognition was identified as one of the key audit matters, as there may be a risk of improper revenue recognition in the incorrect accounting period and with an incorrect amount since it requires management judgement.</p>	<p>We have performed the following audit procedures to be responsive to this area:</p> <ul style="list-style-type: none">- Inspecting the journal entries posted by the Company regarding the revenue within the reporting period.- With the help of our Information Systems experts, the design, implementation and operational effectiveness of the controls related to the revenue process were tested.- It was examined whether control was transferred to the customer through the sales documents received for the sales transactions selected with the sample, and the test for the existence of revenue was carried out.- Obtaining confirmation letters for trade receivables on a sample basis and the reconciliation of trade receivable balances with the financial statements was checked.- In addition, assessing the appropriateness and adequacy of the disclosures in the financial statements of the Company with the disclosures required in accordance with TFRS 15.



Application of TAS 29 , “Financial Reporting in Hyperinflationary Economies”

Refer to Note 2.6 to the financial statements for summary of significant accounting policies Application of TAS 29 , “Financial Reporting in Hyperinflationary Economies”.

<u>The key audit matter</u>	<u>How the matter was addressed in our audit</u>
<p>In accordance with the "TAS 29 Financial Reporting in High Inflation Economies" standard, the accompanying financial statements and footnotes have been restated to reflect the changes in the general purchasing power of the Turkish Lira and as a result, they are presented in terms of the purchasing power of the Turkish Lira as of the reporting date.</p> <p>Considering the significant and pervasive impact on the Company's financial information, we identified the application of TAS 29 as a key audit matter.</p>	<p>We performed the following audit procedures in relation to the application of TAS 29:</p> <ul style="list-style-type: none">- We inquired with the Company Management and examined the principles taken into account during the implementation of TMS 29 and the determination of non-monetary accounts,- The dates and indices used have been tested to ensure the completeness and accuracy of the calculations,- The financial statements and explanatory footnotes related to the financial statements prepared in accordance with TAS 29 have been checked,- The adequacy and suitability of the information provided in the financial statements where inflation accounting has been applied and in the relevant disclosure explanations will be evaluated in terms of TAS 29.

Other Matter

The Company's financial statements for the accounting period ending on 31 December 2022 were audited by another independent auditor and a unqualified opinion was given on these financial statements on 1 March 2023.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

Responsibilities of auditors in an audit are as follows:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing issued by POA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Standards on Auditing issued by POA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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



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

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

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

B) Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 398 of Turkish Commercial Code ("TCC") numbered 6102; the Independent Auditor's Report on System and Committee of Early Identification of Risks is presented to the Board of Directors of the Company on 8 May 2024.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that for the period between 1 January 2023 and 31 December 2023, the Company's bookkeeping activities and financial statements are not in compliance with TCC and provisions of the Company's articles of association in relation to financial reporting.

3) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi



Ahmet Hamdi Cura, SMMM
Partner
30 September 2024
İzmir, Türkiye

PINAR SÜT MAMÜLLERİ SANAYİİ A.Ş.

FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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PINAR SÜT MAMÜLLERİ SANAYİİ A.Ş.

STATEMENTS OF FINANCIAL POSITION AS OF 31 DECEMBER 2023

(Amounts are expressed in Turkish Lira ("TL") with purchasing power as of 31 December 2023, unless otherwise stated.)

	Note	31 December 2023	31 December 2022
CURRENT ASSETS			
Cash and Cash Equivalents	4	15.023.550	36.527.838
Trade Receivables		2.146.064.892	2.160.905.405
- Trade Receivables from Related Parties	5	2.131.912.231	2.151.488.985
- Trade Receivables from Third Parties		14.152.661	9.416.420
Other Receivables		1.066.625.176	1.117.888.839
- Other Receivables from Related Parties	5	937.639.189	1.053.540.047
- Other Receivables from Third Parties		128.985.987	64.348.792
Inventories	8	1.284.899.292	1.250.634.925
Prepaid Expenses	9	37.780.768	17.554.014
- Prepaid Expenses to Third Parties		37.780.768	17.554.014
Assets Related to Current Tax		1.245.579	31.299.713
Other Current Assets	18	196.848.470	203.007.609
- Other Current Assets from Third Parties		196.848.470	203.007.609
TOTAL CURRENT ASSETS		4.748.487.727	4.817.818.343
NON-CURRENT ASSETS			
Other Receivables		185.225	3.703.642
- Other Receivables from Related Parties	5	-	3.398.441
- Other Receivables from Third Parties		185.225	305.201
Financial Investments	27	547.348.928	851.863.707
Equity-Accounted Investees	3	859.771.921	985.851.541
Property, Plant and Equipment	10.a	5.701.937.605	5.837.908.446
- Land		2.169.310.452	2.169.310.452
- Land Improvements		127.745.823	136.209.060
- Buildings		911.535.768	950.210.027
- Machinery, Plant and Equipment		2.339.771.785	2.441.247.214
- Vehicles		11.428.707	12.631.762
- Furniture and Fixtures		54.087.327	58.975.498
- Construction in Progress		88.057.743	69.324.433
Right of Use Assets	10.b	74.169.785	59.498.642
Intangible Assets	11	59.508.091	52.297.499
- Other Intangible Assets		59.508.091	52.297.499
Prepaid Expenses		9.459.734	1.607.773
- Prepaid Expenses to Third Parties		9.459.734	1.607.773
TOTAL NON-CURRENTS ASSETS		7.252.381.289	7.792.731.250
TOTAL ASSETS		12.000.869.016	12.610.549.593

The financial statements for the accounting period of 1 January – 31 December 2023, were approved by the Board of Directors of Pınar Süt Mamülleri Sanayii A.Ş. on 8 May 2024, for publication. The General Assembly and certain regulatory bodies have the authority to make amendments to the statutory financial statements after they have been published.

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

PINAR SÜT MAMÜLLERİ SANAYİİ A.Ş.**STATEMENTS OF FINANCIAL POSITION AS OF 31 DECEMBER 2023**

(Amounts are expressed in Turkish Lira ("TL") with purchasing power as of 31 December 2023, unless otherwise stated.)

	Notes	31 December 2023	31 December 2022
CURRENT LIABILITIES			
Short-Term Borrowings	13	2.658.827.791	2.096.137.432
- Short-Term Borrowings From Third Parties		2.658.827.791	2.096.137.432
- Bank Borrowings		1.720.346.641	1.259.651.884
- Issued Debt Instruments		938.481.150	836.485.548
Short-Term Portion of Long-Term Borrowings	13	67.052.348	99.640.222
- Short-Term Portion of Long-Term Borrowings			
From Third Parties	13	67.052.348	99.640.222
- Bank Borrowings		50.519.255	86.816.302
- Borrowings From Lease Liabilities		16.533.092	12.823.920
Other Financial Liabilities	13	43.193.747	45.245.615
Other Miscellaneous Financial Liabilities		43.193.747	45.245.615
Trade Payables		1.819.427.482	2.027.808.335
- Trade Payables to Related Parties	5	199.554.631	188.799.951
- Trade Payables to Third Parties	6	1.619.872.851	1.839.008.384
Payables Related to Employee Benefits	16	23.565.393	19.596.394
Other Payables		28.895.140	23.112.294
- Other Payables to Related Parties		6.226.338	282.317
- Other Payables to Third Parties	7	22.668.802	22.829.977
Deferred Income		140.682	13.116.976
- Deferred Income From Third Parties		140.682	13.116.976
Short-Term Provisions		14.226.110	62.474.998
- Short-Term Provisions for Employee Benefits	16	867.570	3.569.655
- Other Short-Term Provisions		13.358.540	58.905.343
Other Current Liabilities		129.897	156.085
- Other Current Liabilities to Third Parties		129.897	156.085
TOTAL CURRENT LIABILITIES		4.655.458.590	4.387.288.351
NON-CURRENT LIABILITIES			
Long-Term Borrowings	13	25.428.601	51.850.945
- Long-Term Borrowings From Third Parties		25.428.601	51.850.945
- Bank Borrowings		6.801.226	37.635.227
- Borrowings From Lease Liabilities		18.627.375	14.215.718
Long-Term Provisions		141.323.447	241.952.740
- Long-Term Provisions for			
Employee Termination Benefits	16	141.323.447	241.952.740
Deferred Tax Liabilities	25	476.514.946	587.370.944
TOTAL NON-CURRENT LIABILITIES		643.266.994	881.174.629
TOTAL LIABILITIES		5.298.725.584	5.268.462.980

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

PINAR SÜT MAMÜLLERİ SANAYİİ A.Ş.**STATEMENTS OF FINANCIAL POSITION AS OF 31 DECEMBER 2023**

(Amounts are expressed in Turkish Lira ("TL") with purchasing power as of 31 December 2023, unless otherwise stated.)

	Notes	31 December 2023	31 December 2022
EQUITY			
Equity Attributable to Parent Company		6.702.143.432	7.342.086.613
Share Capital	19	44.951.051	44.951.051
Adjustment to Share Capital	19	958.754.210	958.754.210
Other Comprehensive Income/ (Expense) not to Reclassified to Profit or Loss		1.089.168.212	1.707.208.750
- Gain/ (Loss) on Revaluation and Remeasurement		1.089.255.250	1.213.796.454
- Increase/(Decrease) on Revaluation of Property, Plant and Equipment	10	1.211.641.764	1.317.517.348
- Actuarial Gain/(Loss) Arising from Defined Benefit Plans		(122.386.514)	(103.720.894)
- Shares of Other Comprehensive Income of Equity-Accounted Investments that Will Not Be Classified to Profit or Loss		(72.420.206)	137.119.095
- Fair Value Gain of Financial Assets Measured through Other Comprehensive Income	27	72.333.168	356.293.201
Other Comprehensive Income/ (Expense) to be Reclassified to Profit or Loss		108.480.768	108.023.382
- Share of Other Comprehensive Income of Investment-in-Associates Accounted for Using Equity Method that will be Reclassified to Profit or Loss		108.480.768	108.023.382
Restricted Reserves		645.096.101	616.455.278
- Legal Reserves	19	645.096.101	616.455.278
Retained Earnings		3.570.945.457	3.476.217.264
Net Profit for the Year		284.747.633	430.476.676
TOTAL EQUITY		6.702.143.432	7.342.086.613
TOTAL LIABILITIES AND EQUITY		12.000.869.016	12.610.549.593

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

PINAR SÜT MAMÜLLERİ SANAYİİ A.Ş.**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts are expressed in Turkish Lira ("TL") with purchasing power as of 31 December 2023, unless otherwise stated.)

	Note	1 January - 31 December 2023	1 January - 31 December 2022
PROFIT OR LOSS			
Revenue	20	10.862.329.843	11.076.977.007
Cost of Sales	20	(10.327.975.168)	(10.200.290.311)
Gross Profit from Trading Operations		534.354.675	876.686.696
GROSS PROFIT	20	534.354.675	876.686.696
General Administrative Expenses	21	(288.922.242)	(236.128.205)
Marketing Expenses	21	(591.484.797)	(582.907.294)
Research and Development Expenses	21	(74.633.567)	(63.799.807)
Other Income from Operating Activities	22	423.897.969	389.343.443
Other Expense from Operating Activities	22	(169.055.335)	(231.365.188)
OPERATING PROFIT		(165.843.297)	151.829.645
Income From Investing Activities	23	36.289.389	12.272.152
Expense From Investing Activities	23	(5.445.490)	(10.290.079)
Shares of Profits from Equity Accounted Investments	3	136.573.647	131.770.790
OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)		1.574.249	285.582.508
Monetary Gains and Losses		580.490.640	313.680.791
Financial Income	24	299.928.640	109.950.205
Financial Expenses	24	(816.200.236)	(394.871.712)
PROFIT FOR THE YEAR CONTINUING OPERATIONS		65.793.293	314.341.792
Tax (Expense)/ Income from Continuing Operations		218.954.340	116.134.884
- Current Tax Expense	25	-	(21.955.735)
- Deferred Tax (Expense)/ Income	25	218.954.340	138.090.619
PROFIT FOR THE YEAR CONTINUING OPERATIONS		284.747.633	430.476.676
PROFIT FOR THE YEAR		284.747.633	430.476.676
EARNING PER SHARE		6,3346	9,5766
- Earnings per Kr 1 number of 100 shares from continuing operations	26	6,3346	9,5766

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

PINAR SÜT MAMÜLLERİ SANAYİİ A.Ş.**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts are expressed in Turkish Lira ("TL") with purchasing power as of 31 December 2023, unless otherwise stated.)

	Note	1 January - 31 December 2023	1 January - 31 December 2022
OTHER COMPREHENSIVE INCOME			
Items not to be Reclassified to Profit or Loss		(606.807.888)	1.708.164.658
Increase in Revaluation of Property, Plant and Equipment	10	-	1.515.029.279
Fair Value Loss Of Financial Assets Measured Through Other Comprehensive Income	27	(264.927.859)	375.045.475
Share of Other Comprehensive Income of Equity Accounted Investments That Will Not Be Reclassified to Profit or Loss		(209.539.300)	138.075.004
- Defined Benefit Plans of Equity-Accounted Investments	3	(11.906.860)	(16.580.678)
- Other Gains/(Losses) of Equity Accounted Investments	3	(197.632.440)	154.655.682
Defined Benefit Plans Remeasurement Losses	16	(24.887.492)	(129.651.119)
Taxes Relating To Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss			
- Gains on Revaluation of Property, Plant and Equipment, Tax Effect	25	(94.642.936)	(197.511.931)
- Fair Value Gain Of Financial Assets Measured Through Other Comprehensive Income, Tax Effect	25	(19.032.174)	(18.752.274)
- Actuarial Gain/ (Loss) Arising from Defined Benefit Plans, Tax Effect	25	6.221.873	25.930.224
Items to be Reclassified to Profit or Loss		457.386	23.671.076
- Gains on Foreign Currency Translation Differences Of Associates Accounted for Using Equity Method		457.386	23.671.076
OTHER COMPREHENSIVE INCOME		(606.350.502)	1.731.835.734
TOTAL COMPREHENSIVE INCOME		(321.602.869)	2.162.312.410

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

PINAR SÜT MAMÜLLERİ SANAYİİ A.Ş.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts are expressed in Turkish Lira ("TL") with purchasing power as of 31 December 2023, unless otherwise stated.)

					Other Comprehensive Income/(Expense) not to be Reclassified in Profit or Loss		Other Comprehensive Income/(Expense) to be Reclassified in Profit or Loss						
	Share Capital	Adjustment to Share Capital	Increase /Decrease on Revaluation of Property Plant and Equipment	Losses on Remeasurement of Defined Benefits Plans	Revaluation or Classifications Earnings of Assets at fair Value Through Comprehensive Income	Share of other Comprehensive Income of Associates Accounted for using Equity Method that will not be Reclassified to Profit or Loss	Share of Other Comprehensive Income of Associates Accounted to Equity Method that will be Reclassified to Profit or Loss	Other Losses/ Gains	Restricted Reserves	Retained Earnings /Losses	Net Profit For the year	Total Equity	
1 January -31 December 2022													
Balances beginning of the period	44.951.051	958.754.210	-	-	-	-	84.352.306	-	602.895.481	3.664.326.343	-	5.355.279.391	
Transfers	-	-	-	-	-	-	-	-	13.559.796	(13.559.796)	-	-	
Dividends	-	-	-	-	-	-	-	-	-	(153.547.928)	-	(153.547.928)	
Due to other changes (decrease)/ increase	-	-	-	-	-	(955.909)	-	-	-	(21.001.352)	-	(21.957.261)	
Total comprehensive income	-	-	1.317.517.348	(103.720.895)	356.293.201	138.075.004	23.671.076	-	-	-	430.476.676	2.162.312.410	
- Net profit for the year	-	-	-	-	-	-	-	-	-	-	430.476.676	430.476.676	
- Other comprehensive income/ (expense)	-	-	1.317.517.348	(103.720.895)	356.293.201	138.075.004	23.671.076	-	-	-	-	1.731.835.734	
Balances at the end of the period	44.951.051	958.754.210	1.317.517.348	(103.720.895)	356.293.201	137.119.095	108.023.383	-	616.455.277	3.476.217.265	430.476.676	7.342.086.612	
1 January -31 December 2023													
Balances beginning of the period	44.951.051	958.754.210	1.317.517.348	(103.720.895)	356.293.201	137.119.095	108.023.383	-	616.455.277	3.476.217.265	430.476.676	7.342.086.612	
Transfers	-	-	(11.232.648)	-	-	-	-	-	28.640.824	413.068.500	(430.476.676)	-	
Dividends	-	-	-	-	-	-	-	-	-	(318.340.309)	-	(318.340.309)	
Total comprehensive income	-	-	(94.642.936)	(18.665.619)	(283.960.033)	(209.539.300)	457.385	-	-	-	284.747.633	(321.602.869)	
- Net profit for the year	-	-	-	-	-	-	-	-	-	-	284.747.633	284.747.633	
- Other comprehensive income/ (expense)	-	-	(94.642.936)	(18.665.619)	(283.960.033)	(209.539.300)	457.385	-	-	-	-	(606.350.502)	
Balances at the end of the period	44.951.051	958.754.210	1.211.641.764	(122.386.514)	72.333.168	(72.420.206)	108.480.768	-	645.096.101	3.570.945.456	284.747.633	6.702.143.433	

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

PINAR SÜT MAMÜLLERİ SANAYİİ A.Ş.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts are expressed in Turkish Lira ("TL") with purchasing power as of 31 December 2023, unless otherwise stated.)

	Note	1 January - 31 December 2023	1 January - 31 December 2022
CASH FLOWS FROM OPERATING ACTIVITIES		41.868.702	333.487.435
Net Profit/ (Loss) for the Year		284.747.632	430.476.675
Profit/ (Loss) for the Year from Continuing Activities		284.747.632	430.476.675
Adjustments Related to Reconciliation of Net Profit/ (Loss) for the Year:		25.392.017	204.850.086
Adjustments for Depreciation and Amortization	10	289.088.796	273.864.479
Adjustments Related to Provisions		27.488.796	13.262.290
- Adjustments for (Reversal of) Provisions Related with Employee Benefits		27.488.796	13.262.290
Adjustments for Dividend Income	23	(23.802.067)	(12.138.595)
Adjustments for Interest Income/ (Expense)		383.839.077	267.800.663
- Adjustments for Interest Income		(328.051.722)	(104.622.597)
- Adjustments for Interest Expense		711.890.799	372.423.260
Adjustments for Unrealized Foreign Currency Translation Differences		(208.499.142)	4.629.455
Adjustments for Fair Value Loss (Gains)		-	288.972
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method		(136.573.647)	(131.770.790)
- Adjustments for Undistributed Profits of Associates	3	(136.573.647)	(131.770.790)
Adjustments for Tax Income	25	(218.954.340)	(116.134.884)
Adjustments for Gain/ Losses on Sale of Tangible Assets		(7.041.832)	8.351.662
Adjustments Related to Losses (Gains) Arising from the Disposal of Associates, Joint Ventures, and Financial Investments or Changes in Their Shares		-	457.177
Other Adjustments Related to Reconciliation of Profit/ (Loss)		(2.154.621)	(1.588.187)
Monetary Gain/Losses		(77.999.003)	(102.172.156)
Changes in Working Capital:		(182.344.382)	(235.920.007)
Adjustments for Increases/ (Decreases) in Trade Receivables		281.268.005	(50.471.585)
- (Decreases)/ Increases in Trade Receivables from Related Parties		286.004.246	(63.864.527)
- (Decreases)/ Increases in Trade Receivables from Third Parties		(4.736.241)	13.392.942
Adjustments for Increases in Other Receivables		(130.101.811)	(79.659.984)
- Increases/ Decreases in Other Receivables from Third Parties		(130.101.811)	(79.659.984)
Adjustments for Increases/ (Decreases) in Inventories		(34.264.367)	(313.138.901)
(Decreases)/ Increases in Prepaid Expenses		(20.226.754)	(4.027.458)
Adjustments for Increases/ (Decreases) in Trade Payables		(238.943.209)	218.329.856
- Increase in Trade Accounts Payables to Related Parties		5.019.338	46.173.785
- Increase in Trade Accounts Payables to Third Parties		(243.962.547)	172.156.071
Increases/ Decreases in Employee Benefit Liabilities		(40.267.171)	22.126.439
Adjustments Related to the Increase in Other Liabilities from Operations		(161.175)	3.293.697
- Increase in Other Liabilities from Operations to Non-Related Parties		(161.175)	3.293.697
(Decrease)/Increase in Deferred Income		(12.976.294)	12.949.988
Adjustments for Increases/ (Decreases) in Other Liabilities Of Working Capital		13.328.394	(45.322.059)
- Increase/ (Decrease) in Other Assets Related with Operations		13.354.584	(45.378.300)
- Increase/ (Decrease) in Other Payables Related with Operations		(26.190)	56.241
Cash Flows From Operating Activities:		127.795.267	399.406.754
Payments Related with Provisions for Employee Benefits	16	(112.185.455)	(14.138.842)
Tax Refunds (Payments)		31.299.713	(49.843.220)
Cash Inflows/ (Outflows) from Government Incentives		(5.040.823)	(1.937.257)

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

PINAR SÜT MAMÜLLERİ SANAYİİ A.Ş.**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts are expressed in Turkish Lira ("TL") with purchasing power as of 31 December 2023, unless otherwise stated.)

	Note	1 January - 31 December 2023	1 January - 31 December 2022
CASH FLOWS FROM INVESTING ACTIVITIES		91.046.032	(881.881.784)
Cash Inflows Due to Sale of Shares or Capital Decrease of Affiliates and /or Joint Ventures	3	-	5.381.921
Cash Outflows Due to Share Purchase or Capital Increase of Affiliates and/or Joint Ventures		40.044.306	23.671.075
Cash Inflows Due to Sales of Tangible Assets		25.893.720	91.707.894
- Cash Inflows Due to Sales of Tangible Assets		25.893.720	91.707.894
Cash Outflows Due to Purchases of Tangible And Intangible Assets		(135.469.452)	(161.297.436)
- Cash Outflows Due to Purchases of Tangible Assets		(119.735.993)	(159.996.824)
- Cash Outflows Due to Purchases of Intangible Assets		(15.733.459)	(1.300.612)
Cash Payments of Advances And Loans		109.839.565	(967.357.970)
- Cash Advances And Loans Made to Related Parties		119.299.299	(965.750.197)
- Other Cash Advances And Loans Made to Other Parties		(9.459.734)	(1.607.773)
Cash Payments of Advances And Loans		1.607.773	980.105
- Other Cash Advances And Loans Made to Other Parties		1.607.773	980.105
Dividends Received	5	49.130.120	20.410.030
Interest Received		-	104.622.597
CASH FLOWS FROM FINANCING ACTIVITIES		(154.569.317)	475.960.101
Cash Inflow Proceeds from Borrowings		4.916.805.969	3.298.876.271
- Cash Inflow from Borrowings		3.978.324.819	2.462.405.540
- Cash Inflows from Issued Debt Instruments		938.481.150	836.470.731
Cash Outflow from Payments of Borrowings		(4.439.613.332)	(2.339.816.606)
- Cash Outflow from Other Financial Payments of Borrowings		(4.455.347.703)	(2.383.321.365)
- Cash Outflows from Other Financial Debt Payments		15.734.371	43.504.759
Increase/ (Decrease) in Other Payables to Related Parties		(110.980)	(3.014.599)
Cash Outflows from Lease Liabilities		(15.334.158)	(12.315.460)
Cash Outflows from Derivative Instruments		-	(288.972)
Dividends Paid		(191.777.568)	(65.198.814)
Interest Paid		(752.590.970)	(402.281.719)
Other Cash Inputs (Outputs)		328.051.722	-
Net Increase/ (Decrease) In Cash And Cash Equivalents			
Before Foreign Currency Translation Differences		(21.654.583)	(72.434.248)
EFFECT OF CURRENCY TRANSLATION			
DIFFERENCES ON CASH AND CASH EQUIVALENTS		150.295	15.973
Net Increase/ (Decrease) In Cash And Cash Equivalents		(21.504.288)	(72.418.275)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		36.527.838	108.946.113
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		15.023.550	36.527.838

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

PINAR SÜT MAMÜLLERİ SANAYİİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THEN ENDED 31 DECEMBER 2023

(Amounts are expressed in Turkish Lira ("TL") with purchasing power as of 31 December 2023, unless otherwise stated.)

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

The main activity of Pinar Süt Mamülleri Sanayii A.Ş. ("Company") is the production and sale of fruit juices, sauces and powder products, mainly milk and dairy products (cheese, yoghurt, etc.). The company's production facilities are located in İzmir - Pınarbaşı, Eskişehir - Organized Industrial Zone and Şanlıurfa Organized Industrial Zone. The company's headquarters is in İzmir. The company was established in 1973 and is in the market under the umbrella of "Pınar", one of the leading brands in the food industry, and with "Pınar" branded products. Approximately 99% (2022: 99%) of the net domestic sales of the products the Company produces are sold by Yaşar group companies and Yaşar Birleşik Pazarlama Dağıtım Turizm ve Ticaret A.Ş. ("YBP"), a subsidiary of the Company, and all of international sales and distribution are by Yaşar Dış Ticaret A.Ş., one of the Yaşar group companies ("YDT") (Note 5).

The Company shares are quoted on the Borsa İstanbul ("BIST"). The ultimate parent of the Company is Yaşar Holding A.Ş. ("Yaşar Holding") with 61,41% shares of the Company (2022: 61,41%) (Note 19).

The average number of personnel employed by the Company in the accounting period of 1 January – 31 December 2023 is 1.277 (1 January - 31 December 2022: 1.277). The address of the registered head office of the Company is as follows:

Yunus Emre Mah. Kemalpaşa Cad. No: 317 Bornova/İzmir

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation of Financial Statements

(i) Declaration of compliance with Turkish Financial Reporting Standards ("TFRS")

The accompanying financial statements have been prepared in accordance with the Turkish Financial Reporting Standards ("TFRS") put into effect by the Public Oversight, Accounting and Auditing Standards Authority ("POA") in accordance with the provisions of the "Communiqué on Principles Regarding Financial Reporting in Capital Markets" numbered II-14.1 published in the Official Gazette dated 13 June 2013 and numbered 28676 of the Capital Markets Board ("CMB"). TFRSs include the Standards and Comments published by POA under the names of Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards, TAS Comments and TFRS Comments.

The financial statements have been presented in accordance with the formats specified in the "Announcement on TFRS Taxonomy" published by POA on 15 April 2019 and the Financial Statement Samples and User Guide published by CMB.

The financial statements were approved by the Company's Board of Directors on 8 May 2024. The Company's General Assembly has the right to amend these financial statements, and the relevant regulatory authorities have the right to request their amendment.

(ii) Principles of measurement

The accompanying financial statements are prepared on the historical cost basis as adjusted for the effects of inflation on Turkish Lira at the reporting date based on Turkish Accounting Standard ("TAS") No. 29 "Financial Reporting in Hyperinflationary Economies" except lands and plots, buildings, underground and land improvements, machinery, facilities and equipment, investment properties and financial investments from the group of tangible fixed assets measured at fair value.

(iii) Functional Currency and Reporting Currency

These financial statements are presented in Turkish Lira ("TL"), which is the Company's functional currency. All financial information presented in TL is presented in TL unless otherwise stated.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR THEN ENDED 31 DECEMBER 2023**

(Amounts are expressed in Turkish Lira ("TL") with purchasing power as of 31 December 2023, unless otherwise stated.)

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

2.1 Basis of Presentation of Financial Statements (Continued)

(iv) Reporting in a hyperinflationary economy

With the "Announcement on the implementation of TAS 29 Financial Reporting in Hyperinflationary Economies and BOBİ FRS Chapter 25 Financial Reporting in Hyperinflationary Economies" made on 23 November 2023, POA announced that the financial statements of the companies applying TFRSs for annual reporting period ending on 31 December 2023 or all reporting periods after 31 December 2023 should be presented by adjusting in accordance with the relevant principles of the TAS 29.

Pursuant to the decision of the Capital Markets Board ("CMB") dated 28 December 2023 and numbered 81/1820, it has been decided that issuers and capital market institutions subject to financial reporting regulations that apply Turkish Accounting/Financial Reporting Standards will apply inflation accounting by applying the provisions of TAS 29 starting from their annual financial reports for the periods ending on 31 December 2023. As a result, the financial statements, whose functional currency is TL, are adjusted for the changes in the general purchasing power of the Turkish Lira based on TAS 29 "Financial Reporting in Hyperinflationary Economies" as at 31 December 2023. The adjustment is calculated by means of conversion factors derived from the Turkish countrywide consumer price index published by the Turkish Statistical Institute ("TSI"). For the last three years, such indices and conversion factors used to restate the accompanying consolidated financial statements are as follows:

Date	Index	Correction coefficient
31 December 2023	1.859,38	1,00000
31 December 2022	1.128,45	1,64773
31 December 2021	686,95	2,70672

In accordance with the POA's "Implementation Guide for Financial Reporting in Hyperinflationary Economies", the financial statements dated 1 January 2022, which are the opening balances of the comparative financial statements for the financial statements of the companies for period ending on 31 December 2023, are accepted as the opening statement of financial position. As of 1 January 2022, the amount of prior year losses without inflation adjustment is TL 354.062.133, and the amount of prior year losses dated 1 January 2022, brought to the purchasing power of 31 December 2023 after inflation adjustment within the scope of IAS 29, is TL 1.236.446.316.

TFRS require the financial statements of an entity with a functional currency that is hyperinflationary to be restated in accordance with TAS 29 requirements whether they are based on a historical cost or a current cost approach and to be applied retrospectively, as if the currency had always been hyperinflationary. The basic principle in TAS 29 is that the financial statements of an entity that reports in the currency of a hyperinflationary economy should be stated in terms of the measuring unit current at the reporting date. Comparative figures for prior period are restated into the same current measuring unit.

The main procedures applied for the above-mentioned adjustments are as follows:

- Monetary assets and liabilities carried at their current amounts on the reporting date have not been restated since they are already expressed in the current currency on the reporting date.
- Non-monetary assets and liabilities not carried at their current amounts on the balance sheet date and equity items have been restated by applying the relevant adjustment coefficients from the transaction date or the latest revaluation date, if any, up to the reporting date.
- Property, plant and equipment have been restated by applying the change in the index from the transaction date or the latest revaluation date, if any, up to the reporting date. Depreciation has been calculated on the restated amounts.
- All income statement items, except for the depreciation expenses and deferred tax income/expense explained above, have been restated by applying the monthly adjustment coefficients according to the reporting date of the months in which the transactions occurred.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR THEN ENDED 31 DECEMBER 2023**

(Amounts are expressed in Turkish Lira ("TL") with purchasing power as of 31 December 2023, unless otherwise stated.)

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

2.1 Basis of Presentation of Financial Statements (Continued)

- The effects of inflation on the Company's net monetary position are shown in the profit or loss statement as "net monetary position gains/(losses)"
- All items in the cash flow statement are expressed in terms of the current measurement unit at the reporting date. For this purpose, all items in the cash flow statement are adjusted by applying the relevant adjustment coefficients as of the transaction date.

In the reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, not having been hyperinflationary in the prior period, the entity shall apply the requirements of TAS 29 as if the economy had always been hyperinflationary. Therefore, in relation to non-monetary items measured at historical cost, the entity's opening statement of financial position at the beginning of the earliest period presented in the financial statements shall be restated to reflect the effects of inflation from the date the assets were acquired and the liabilities were incurred or assumed until the end of the reporting period. For non-monetary items carried at the opening statement of financial position at amounts current at dates other than those of acquisition or incurrence, that restatement shall reflect instead the effect of inflation from the dates those carrying amounts were determined until the end of the reporting period.

The Company has applied IAS 29 to its opening statement of financial position as at 1 January 2022 and adjusted corresponding figures to reflect the effect of inflation from the date the assets were acquired and the liabilities were incurred or assumed until the end of the reporting period.

(v) Comparative information and correction of previous period financial statements

The Company's financial statements are prepared comparatively with the previous period in order to enable the determination of financial status and performance trends. In order to ensure compliance with the presentation of current period financial statements, comparative information is reclassified when necessary and significant differences are explained. In the current period, the Company has reclassified the interest income of TL 101.064.018, which was held in income from investment activities in the profit or loss statement in the previous period financial statements, to financing income.

2.2 Changes in Significant Accounting Policies

Accounting policies are applied consistently in all periods presented in the financial statements. Significant changes made in accounting policies are applied retroactively and previous period financial statements are restated. There are no changes in accounting policies while preparing the financial statements dated 31 December 2023.

2.3 Changes and errors in accounting estimates

Changes in accounting estimates, if they are related to only one period, are applied prospectively in the current period in which the change is made, and if they are related to future periods, they are applied prospectively in both the period in which the change is made and in future periods. Significant accounting errors detected are applied retrospectively and the previous period financial statements are restated.

There has been no change in the assumptions and significant accounting estimates used in the preparation of the financial statements dated 31 December 2023 compared to those used in the previous year.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR THEN ENDED 31 DECEMBER 2023**

(Amounts are expressed in Turkish Lira (“TL”) with purchasing power as of 31 December 2023, unless otherwise stated.)

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

2.4 Standards and interpretations that are issued but not effective as at 31 December 2023:

Standards and amendments that have been published as of the reporting date but have not yet entered into force and whose early application is permitted but not implemented by the Company are as follows.

Classification of Liabilities as Current or Non-current (Amendments to TAS 1)

On 23 January 2020, IASB issued “Classification of Liabilities as Current or Non-Current” which amends IAS 1 Presentation of Financial Statements to clarify its requirements for the presentation of liabilities in the statement of financial position which are issued by POA on 12 March 2020 as amendments to TAS 1.

The amendments clarify one of the criteria in TAS 1 for classifying a liability as non-current—that is, the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

After reconsidering certain aspects of the 2020 amendments; IASB has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. Related amendment was published by POA as “TFRS 2023” on 3 January 2023.

This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement. Additional disclosure is also required for non-current liabilities subject to future covenants. The amendments also clarify how an entity classifies a liability that can be settled in its own shares.

The Company shall apply retrospectively these amendments for annual periods beginning on or after 1 January 2024 with earlier application permitted. It also specifies the transition requirements for companies that may have early-adopted the previously issued but not yet effective 2020 amendments.

The Company does not expect that application of these amendments to TAS 1 will have significant impact on its financial statements.

Lease Liability in a Sale and Leaseback – Amendments to TFRS 16 Leases

In September 2022, IASB issued Lease Liability in a Sale and Leaseback, which amends IFRS 16 Leases. Related amendment was published by POA as “TFRS 2023” on 3 January 2023. Amendments to TFRS 16 Leases impact how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered into since 2019.

The amendments confirm the following:

- On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction.
- After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR THEN ENDED 31 DECEMBER 2023**

(Amounts are expressed in Turkish Lira ("TL") with purchasing power as of 31 December 2023, unless otherwise stated.)

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

**2.4 Standards and interpretations that are issued but not effective as at 31 December 2023:
(Continued)**

A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted.

Under TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of TFRS 16. This means that it will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of TFRS 16 in 2019, and potentially restate those that included variable lease payments.

The Company does not expect that application of these amendments to Amendments to TFRS 16 Leases will have significant impact on its financial statements.

**Amendments to TAS 7 Statement of Cash Flows and TFRS 7 Financial Instruments:
Disclosures – Supplier Finance Arrangements**

On 25 May 2023, IASB has amended IAS 7 Statement of Cash Flows and TFRS 7 Financial Instruments: Disclosures. Related amendment was published by POA on 19 September 2023. The amendments introduce additional disclosure requirements for companies that enter into supplier finance arrangements (referred to as supply chain finance, payables finance or reverse factoring arrangements). However, they do not address the classification and presentation of the related liabilities and cash flows.

The IASB's amendments apply to supplier finance arrangements¹ that have all of the following characteristics.

- A finance provider pays amounts a company (the buyer) owes its suppliers.
- A company agrees to pay under the terms and conditions of the arrangements on the same date or at a later date than its suppliers are paid.
- The company is provided with extended payment terms or suppliers benefit from early payment terms, compared with the related invoice payment due date.

The amendments do not apply to arrangements for financing receivables or inventory.

The amendments introduce two new disclosure objectives – one in TAS 7 and another in TFRS 7 – for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk.

The amendments are effective for periods beginning on or after 1 January 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available.

The Company does not expect that application of these amendments to TAS 7 Statement of Cash Flows and TFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements will have significant impact on its financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR THEN ENDED 31 DECEMBER 2023**

(Amounts are expressed in Turkish Lira (“TL”) with purchasing power as of 31 December 2023, unless otherwise stated.)

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

**2.4 Standards and interpretations that are issued but not effective as at 31 December 2023:
(Continued)**

**TSRS 1 General Requirements for Disclosure of Sustainability-related Financial Information and
TSRS 2 Climate-related Disclosures**

On 26 June 2023, The International Sustainability Standards Board (ISSB) has issued IFRS® Sustainability Disclosure Standards (IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures to create a global baseline of investor-focused sustainability reporting that local jurisdictions can build on. Related standards were published by POA as “TSRS 1 and TSRS 2” on 29 December 2023.

Two standards are designed to be applied together, supporting companies to identify and report information that investors need for informed decision making – in other words, information that is expected to affect the assessments that investors make about companies’ future cash flows.

To achieve this, the general standard provides a framework for companies to report on all relevant sustainability-related topics across the areas of governance, strategy, risk management, and metrics and targets.

The standards are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. But it will be for individual jurisdictions to decide whether and when to adopt. Accordingly, POA announced in the Board Decision published in the Official Gazette dated 29 December 2023 that certain entities will be subject to mandatory sustainability reporting as of 1 January 2024 .

The Company is within the scope of the application as it meets the criteria specified in the Board Decision.

The new standards, amendments and interpretations that are issued by the IASB but not issued by POA

Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates

In August 2023, the International Accounting Standards Board (IASB) amended IAS 21 to clarify:

- when a currency is exchangeable into another currency; and
- how a company estimates a spot rate when a currency lacks exchangeability.

A currency is exchangeable into another currency when a company is able to exchange that currency for the other currency at the measurement date and for a specified purpose. When a currency is not exchangeable, a company needs to estimate a spot rate.

A company’s objective when estimating a spot rate is only that it reflects the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments contain no specific requirements for estimating a spot rate.

Therefore, when estimating a spot rate a company can use:

- an observable exchange rate without adjustment; or
- another estimation technique.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR THEN ENDED 31 DECEMBER 2023**

(Amounts are expressed in Turkish Lira ("TL") with purchasing power as of 31 December 2023, unless otherwise stated.)

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

**2.4 Standards and interpretations that are issued but not effective as at 31 December 2023:
(Continued)**

Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. These disclosures might include:

- the nature and financial impacts of the currency not being exchangeable;
- the spot exchange rate used;
- the estimation process; and
- risks to the company because the currency is not exchangeable.

The amendments apply for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.

The Company does not expect that application of these Amendments to IAS 21 will have significant impact on its financial statements.

Amendments are effective on 1 January 2023

Changes that have become effective and have been adopted for annual periods beginning on or after 1 January 2023:

1. Disclosure of Accounting Policies (Amendments to TAS 1)
2. Definition of Accounting Estimates (Amendments to TAS 8)
3. Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to TAS 12 Income Taxes
4. International Tax Reform – Pillar Two Model Rules - Amendments to TAS 12-
5. Amendments to IAS 12- IFRS for SMEs Accounting Standard – International Tax Reform – Pillar Two Model Rules

These newly adopted amendments to standards have not been a significant impact on the financial statements of the Company.

2.5 Basis of Consolidation

Since the Company does not have any subsidiaries, there is no consolidation in the financial statements. However, investments in subsidiaries are accounted for at their acquisition cost on the date they are first recorded and then using the equity method in subsequent periods. These are entities in which the Company generally holds 20% to 50% of the voting rights or has significant influence over business activities, although it does not have control over them. Unrealized profits arising from transactions between the Company and the subsidiary are adjusted to the extent of the Company's share in the subsidiary, and unrealized losses are adjusted if the transaction does not indicate that the transferred asset has suffered a decrease in value.

According to the equity method, the total comprehensive income/(expense) of the affiliates after the purchase is reflected in the total comprehensive income/(expense) of the Company to the extent of the Company's share in the affiliate. Dividends received or to be received from affiliates are recognized as a decrease in the book value of the investment.

PINAR SÜT MAMÜLLERİ SANAYİİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THEN ENDED 31 DECEMBER 2023

(Amounts are expressed in Turkish Lira ("TL") with purchasing power as of 31 December 2023, unless otherwise stated.)

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

2.5 Basis of Consolidation (Continued)

The accounting policies of the investee company, which is accounted for using the equity method, have been changed as appropriate to ensure consistency with the accounting policies applied by the Company, when necessary. related TAS/IFRS, in proportion to the decrease in the proportion of the equity participations that do not result in loss of significant activity.

As long as the Company has not entered into an obligation or made a commitment in this regard with respect to the affiliate, the equity method is not continued upon the fact that the recorded value of the investment in the affiliate becomes zero or the Company's significant influence has ended. The recorded value of the investment on the date the significant influence has ended is shown as cost after that date. The amounts previously recognized in comprehensive income/(expense) are associated with net profit/(loss) and accumulated profit in accordance with the relevant IFRS provisions in proportion to the decrease in the share ratio in the affiliate that does not cause a loss of significant influence.

The book value of the investment accounted for using the equity method is tested for impairment in accordance with the policy explained in Note 2.6.6.

The table below sets out the associates and the proportion of ownership interest as of 31 December 2023 and 2022 (Note 3):

	Share / Voting Right (%)	
	2023	2022
<u>Investments-in-associates</u>		
YBP	31,82	31,82
Desa Enerji Elektrik Üretim A.Ş. ("Desa Enerji")	25,65	25,65
Pinar Foods GmbH ("Pinar Foods")	44,94	44,94

Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation of financial statements of foreign associate

Financial statements of Pinar Foods operating in Germany are prepared according to the legislation of the country in which it operates and adjusted to the financial reporting standards issued by the IFRS. The assets and liabilities of foreign associate are translated into TL from the foreign exchange rates at the balance sheet date, and the statement of comprehensive income items of foreign associate are translated into TL at the average foreign exchange rates in the period.

Exchange differences arising from re-translation of the opening net assets of investment-in-associate and the differences between the average and year-end rates are included in the share of other comprehensive income of investments in associates accounted for using equity method that will be reclassified to profit or loss under the equity as a separate component.

PINAR SÜT MAMÜLLERİ SANAYİİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THEN ENDED 31 DECEMBER 2023

(Amounts are expressed in Turkish Lira ("TL") with purchasing power as of 31 December 2023, unless otherwise stated.)

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

2.5 Basis of Consolidation (Continued)

The exchange rates at the dates of the statement of financial position and for the translation of items in the statement of profit or loss and other comprehensive income are as follows:

<u>End of period asset purchase:</u>	31 December 2023	31 December 2022
USD/ TL	29,4382	18,6983
EUR/ TL	32,5739	19,9349
<u>End of period liability sales:</u>		
USD/ TL	29,4913	18,7320
EUR/ TL	20,1519	19,9708
<u>Annual average:</u>	1 January - 31 December 2023	1 January - 31 December 2022
USD/ TL	23,7378	16,5512
EUR/ TL	25,6799	17,3642

Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are measured and presented in TL which is the parent Company's functional and the Company's presentation currency.

2.6 Offsetting

All items with significant amounts and nature, even with similar characteristics, are presented separately in the financial statements. Insignificant amounts are grouped and presented by means of items similar substance and function. When the nature of transactions and events necessitate offsetting, presentation of these transactions and events over their net amounts or recognition of the assets after deducting the related impairment are not considered as a violation of the rule of non-offsetting. As a result of the transactions in the normal course of business, revenue other than revenue described in the section "Revenue Recognition" are presented as net if the nature of the transaction or the event qualify for offsetting.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR THEN ENDED 31 DECEMBER 2023**

(Amounts are expressed in Turkish Lira ("TL") with purchasing power as of 31 December 2023, unless otherwise stated.)

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

2.7 Summary of significant accounting policies

The important accounting policies followed in the preparation of the financial statements are summarized below:

2.7.1 TFRS 16 Leases

The Company - as a lessee

At inception of a contract, the Company assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, The Company assess whether:

- a) the contract involved the use of an identified asset - this may be specified explicitly or implicitly.
- b) the asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified.
- c) the Company has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use and
- d) The Company has the right to direct use of the asset. The Company concludes to have the right of use, when it is predetermined how and for what purpose the Company will use the asset. The Company has the right to direct use of asset if either:
 - i. the Company has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or,
 - ii. the Company designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used.

The Company books a right of use and a lease obligation to the financial statements at the date that the lease is commenced.

Right of use asset

The right of use asset is initially recognized at cost comprising of:

- a) The amount of the initial measurement of lease liability,
- b) Any lease payments made at or before the commencement date, less any lease incentives received,
- c) Any initial direct costs incurred by the lessee and
- d) Costs incurred by the Company in respect of restoring the underlying asset to the condition required by the terms and conditions of the lease (excluding costs incurred for stock production).

To apply a cost model, the Company measure the right-of-use asset at cost:

- a) Less any accumulated depreciation and any accumulated impairment losses and
- b) Adjusted for any remeasurement of the lease liability.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR THEN ENDED 31 DECEMBER 2023**

(Amounts are expressed in Turkish Lira ("TL") with purchasing power as of 31 December 2023, unless otherwise stated.)

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

2.7 Summary of significant accounting policies (Continued)

2.7.1 TFRS 16 Leases (Continued)

The Company applies TAS 16 "Property, Plant and Equipment" to amortize the right of use asset and to asses for any impairment (Note 10.b).The Company apply TAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Lease Liability

At the commencement date, The Company measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company use the lessee's alternative borrowing rate.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- a) fixed payments, less any lease incentives receivable,
- b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- c) the exercise price of a purchase option if the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate the lease.

After the commencement date, the Company measure the lease liability by:

- increasing the carrying amount to reflect interest on the lease liability,
- reducing the carrying amount to reflect the lease payments made and
- remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

The Company recognise the amount of the remeasurement of the lease liability as an adjustment to the financial statements as a right-of-use asset.

Extension and early termination options

The lease obligation is determined by considering the extension and early termination options in the contracts. Most of the extension and early termination options included in the contracts consist of options that are jointly applicable by the Company and the lessor. The Company determines the rental period by including the extension and early termination options in the Company's initiative according to the relevant contract and if the options are reasonably accurate, it is included in the rental period. If the conditions change significantly, the assessment is reviewed by the Company. The Company does not have a lease agreement with extension and early termination options.

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

2.7 Summary of significant accounting policies (Continued)

2.7.1 TFRS 16 Leases (Continued)

Facilitating applications

Short-term lease contracts with a lease period of 12 months and less, and contracts for warehouse leases that are determined to be of low value by the Company have been evaluated within the scope of the exemption recognized by TFRS 16 Leases Standard and payments related to these agreements continue to be recognized as expenses. A single discount rate has been applied to a portfolio (such as leases with the remaining lease term similar for a similar asset class in a similar economic environment) of leases with reasonably similar properties.

Company - as lessor

All of the Company's leases as lessor are operational leases.

2.7.2 Revenue Recognition

The Company recognizes revenue when the goods or services is transferred to the customer and when performance obligation is fulfilled. Goods is counted to be transferred when the control belongs to the customer.

The Company recognizes revenue based on the following main principles:

- (a) Identification of customer contracts,
- (b) Identification of performance obligations,
- (c) Determination of transaction price in the contract,
- (d) Allocation of price to performance obligations,
- (e) Recognition of revenue when the performance obligations are fulfilled

According to this model, the goods or services undertaken in each contract with the customers are evaluated and each commitment to transfer the goods or services is determined as a separate performance obligation. Then, it is determined whether the performance obligations will be fulfilled in time or at a certain time. If the Company transfers the control of a good or service over time and thus fulfills the performance obligations related to the related sales over time, it measures the progress of the fulfillment of the performance obligations and takes the revenue to the financial statements. Revenue related to performance obligations, such as goods or service transfer commitments, is recognized when customers are in control of the goods or services.

The Company recognize revenue from its customers only when all of the following criteria are met:

- a) The parties to the contract have approved the contract (in writing, orally or in accordance with other customer business practices) and are committed to perform their respective obligations,
- b) The Company can identify each party's rights regarding the goods or services to be transferred.
- c) The Company can identify the payment terms for the goods or services to be transferred.
- d) The contract has commercial substance,

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

2.7 Summary of significant accounting policies (Continued)

2.7.2 Revenue Recognition (Continued)

It is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, the Company shall consider only the customer's ability and intention to pay that amount of consideration when it is due.

Revenue from product sales

The company generates revenue by the production and sales of bottled water stocks, natural and aromatic mineral water, fruity beverages, lemonade. Revenue is recognized when product control is transferred to the customer.

The Company evaluates the transfer of control of the goods or services sold to the customer,

- a) The Company has a present right to payment for the asset,
- b) The customer has legal title to the asset,
- c) The Company has transferred physical possession of the asset,
- d) Allocation of price to performance obligations,
- e) Recognition of revenue when the performance obligations are fulfilled.

For each performance obligation, the Company determines whether it has fulfilled its performance obligation at the beginning of the contract or whether the performance obligation fulfilled at a certain point in time. The Company records revenue from product sales in the financial statements following the transfer of control to the customer.

In the event that the Company has the right to collect a price directly corresponding to the value of its customer (from the delivery of products), the Company pays the revenue to the financial statements for the amount that it has the right to invoice.

The Company reflects a return obligation to the financial statements if the company expects to pay back some or all of the amount charged to a customer to this customer. The obligation of return is calculated over the part of the enterprise (or the cost) that is collected by the entity. The obligation to return is updated at the end of each reporting period, taking into account the changes in the conditions.

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

2.7 Summary of significant accounting policies (Continued)

2.7.3 Financial assets

Classification and measurement

The Company classifies its financial assets as financial assets that are accounted for at amortized cost and fair value differences as assets recorded in other comprehensive income. The classification is based on the business model and expected cash flows, which are determined according to the purpose of benefiting from financial assets. The Company makes the classification of its financial assets on the date of purchase.

(a) Financial assets carried at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, whose payments are fixed or predetermined, which are not actively traded, and which are not derivative instruments are measured at amortized cost. They are included in current assets, except for maturities more than 12 months after the balance sheet date. Those with maturities more than 12 months are classified as non-current assets. The Company’s financial assets carried at amortized cost comprise “trade receivables”, “cash and cash equivalents” and “other receivables” in the financial statements.

Impairment

The Company has applied simplified approach and used impairment matrix for the calculation of impairment on its receivables carried at amortized cost, since they do not comprise of any significant finance component. In accordance with this method, if any provision provided to the trade receivables as a result of a specific events, The Company measures expected credit loss from these receivables by the life-time expected credit loss. The calculation of expected credit loss is performed based on the past experience of The Company and its expectations for the future indications.

The Company management evaluated the effect of the calculation as of 31 December 2023 and expected that the effects of the calculation will not have significant impact on the financial statements.

(b) Financial assets measured at fair value through other comprehensive income (“FVOCI”)

Assets that the Company management adopts contractual cash flows and/ or sales business model are classified as assets that are recognized at fair value. Such assets are classified as non-current assets unless management intends to dispose of the related assets within 12 months after the balance sheet date. The Company makes an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, to present subsequent changes in fair value in other comprehensive income.

FVOCI include “Financial Investments” in the statement of financial position. On disposal of these equity investments, any related balance within the FVOCI reserve is reclassified to retained earnings. In case of the sale of assets with fair value difference recorded in other comprehensive income, the valuation difference classified into other comprehensive income is classified in retained earnings.

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

2.7 Summary of significant accounting policies (Continued)

2.7.3 Financial assets (Continued)

Where there is no listed fair value of the financial assets carried at fair value through other comprehensive income, the generally accepted valuation methods used in the calculation of the fair value include certain assumptions based on the best estimates of the management and the values that may occur in the case of the purchase/sale transactions may differ from these values (Note 27).

2.7.4 Inventories

The Company’s raw material inventory mainly consist of cheddar cheese, lactic butter and packaging materials used for production of dairy products and fruit juice; work-in-progress inventory mainly consist of raw milk, milk powder, melting cheese, pasteurized lactic butter and pasteurized milk; finished goods inventory mainly consist of UHT milk, white cheese, kasseri, labneh, packaged fruit juice, butter, sauces and yogurt; and other inventory mainly consist of spare part and pallet.

Company’s raw materials mainly consist of materials and packaging materials which are used to produce bottled water, finished goods mainly consist of bottled water. Inventories are valued at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. Cost elements included in inventories comprise all costs of cost of spring water agreements and it’s cost of rent agreements, purchase of material and other costs incurred in bringing the inventories to their present location and condition such as labor and appropriate amount of factory overheads (based on normal operating capacities). The cost of inventories is determined on the monthly weighted average basis.

2.7.5 Property, plant and equipment

Land, land improvements, buildings, and tangible fixed assets other than machinery and equipment are reflected in the financial statements by deducting the accumulated depreciation up to the balance sheet date and any impairment loss, if any, from their acquisition costs. Land and plots, buildings, land and land improvements are reflected in the financial statements by deducting the relevant depreciation amounts from their fair values determined by an independent professional valuation company as of 31 December 2022, while machinery, facilities and equipment are reflected in the financial statements by deducting the relevant depreciation amounts from their fair values determined by an independent professional valuation company as of 31 December 2021 (Note 10).

As of the date of revaluation, the accumulated depreciation of the relevant tangible fixed asset is netted off with the asset’s cost and is monitored over the revalued net book value in subsequent periods. Gains and losses related to tangible fixed assets measured at fair value are calculated as the difference between the value at the end of the previous period or the acquisition price, if acquired during the period, adjusted for inflation as of the relevant dates and the fair value of the relevant item at the end of the reporting period.

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

2.7 Summary of significant accounting policies (Continued)

2.7.5 Property, plant and equipment (Continued)

Increases in the carrying values of lands, underground and surface improvements, buildings, machinery and equipment resulting from revaluation are recorded as a credit in the revaluation fund account under equity in the balance sheet, after deducting the deferred tax effect. Valuation increases related to assets for which a decrease in value was previously reflected in the comprehensive income statement are recorded as a credit in the comprehensive income statement in the amount of the said decrease reflected in the comprehensive income statement.

Decreases corresponding to increases in the fund of the same asset in the previous period were deducted from the fund; all other decreases were reflected in the comprehensive income statement. Each year, the difference between the depreciation calculated on the revalued amount (depreciation reflected in the comprehensive income statement) and the depreciation allocated on the pre-revaluation cost of the asset was transferred from the revaluation fund to the retained earnings, after deducting the relevant deferred tax effect.

Depreciation was calculated by applying the straight-line depreciation method on tangible fixed assets that were revalued or expressed with the purchasing power at the balance sheet date (Note 10). Lands were not subject to depreciation, assuming that they have an infinite life. The approximate economic lives of tangible fixed assets are as follows:

	<u>Years</u>
Buildings and land improvements	15-50
Machinery and equipment	15-25
Furniture and fixtures	5-10
Motor vehicles	5

Subsequent costs are included in the asset's carrying value recognised as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Property, plant and equipment are reviewed for impairment losses, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of assessing impairment, property plant and equipment assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash - generating units).

If the carrying value of a tangible fixed asset exceeds its recoverable value, the book value is reduced to its recoverable value by setting aside a provision. The recoverable value is the higher of the tangible fixed asset's value in use or the net sales price after deducting the expenses to be incurred for the sale of the asset.

If the tangible fixed asset that has suffered a decrease in value is revalued, the decrease in value is deducted from the fund in the amount corresponding to the increases in the revaluation fund in previous periods and the remaining amount is associated with the comprehensive income statement.

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

2.7 Summary of significant accounting policies (Continued)

2.7.5 Property, plant and equipment (Continued)

Maintenance and repair expenses are recorded as expenses in the comprehensive income statement of the period in which they occur. The Company removes the carrying values from the balance sheet regardless of whether the parts replaced in line with the renewals are depreciated independently from other parts. Major renewals are depreciated based on the shorter of the remaining life of the tangible fixed asset or the economic life of the renewal itself. The profit or loss obtained in the disposal of tangible fixed assets is determined according to the carrying value of the tangible fixed asset and is recorded in the relevant income and expense accounts (Note 23). In the disposal of a revalued tangible fixed asset, the amount in the revaluation fund related to the tangible fixed asset that has been disposed of is transferred to the retained earnings account together with the deferred tax effect.

2.7.6 Intangible assets

Intangible assets have a limited economic life and mainly include rights and information processing software. These assets are reflected in the financial statements with their net value after deducting accumulated amortization shares and, if any, impairment losses based on their acquisition costs. These assets are amortized by applying the straight-line amortization method over an average period of five years from the date of acquisition (Note 11). Maintenance and repair costs of computer software programs are expensed when the service is performed.

Losses and gains arising from disposal of intangible assets or impairment losses allocated based on the indexed values related to these assets are shown in the relevant income and expense accounts. It has been estimated that the scrap values of intangible assets are not significant. Intangible assets are subject to impairment testing under conditions indicating that their carrying values may be higher than their recoverable values.

For the impairment test, intangible assets are separated into the smallest identifiable cash-generating units. In the event of impairment, the recorded value of intangible assets is reduced to the recoverable amount. The recoverable value is the higher of the intangible asset's value in use or its net saleable value.

2.7.7 Impairment of assets

Impairment of financial assets:

- Assets carried at amortized cost

The Company assesses whether there is objective evidence that financial assets are impaired at the end of each reporting period. If one or a group of financial assets are impaired, the loss arising from the impairment is reflected in the financial statements only if there is objective evidence that the impairment was caused by one or more events that occurred after the initial recognition of the asset and had an impact on the estimated future cash flows of the financial assets in question. The Company considers the following criteria for the impairment test of all financial assets:

- Significant financial difficulty of the issuer or obligor,
- A breach of contract, such as a default or delinquency in interest or principal payments,
- The Company, for economic or legal reasons relating to the borrower's financial difficulty,

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

2.7 Summary of significant accounting policies (Continued)

granting to the borrower a concession that the lender would not otherwise consider,

- It becomes probable that the borrower will enter bankruptcy or another financial reorganisation,
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
 - (i) Adverse changes in the payment status of borrowers in the portfolio and
 - (ii) National or local economic conditions that correlate with defaults on the assets in the portfolio.

The Company first assesses whether objective evidence of impairment exists. For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of comprehensive income. If, in the following period, the amount of the impairment loss decreases and this decrease can be attributed to an event that occurred after the impairment was realized (such as an improvement in the borrower's credit rating), the reversal of the previously recorded impairment is recorded in the income statement.

Impairment of non-financial assets:

At each reporting date, the Company assesses whether there is an impairment indication for the assets, except for the deferred income tax asset. When an indication of impairment exists, the Company estimates the recoverable amounts of such assets. The recoverable amounts of intangible assets not yet available for use to be measured annually. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Assets are allocated to cash generating units for the purpose of impairment testing, which is undertaken on the lowest level.

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

2.7 Summary of significant accounting policies (Continued)

2.7.7 Impairment of assets (Continued)

An impairment loss is recognized for the amount by which the carrying amount of the asset or any cash-generating unit of that asset exceeds its recoverable amount, which is the higher of an asset's net selling price or value in use. Impairment losses are accounted for in the statement of comprehensive income. Impairment losses can be reversed to the extent that increased carrying amount of an asset shall not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years provided that increases in the recoverable amount of the asset can be associated with events that occur subsequent to the period in which the impairment loss was recognized.

2.7.8 Borrowing and borrowing cost

Borrowings are recognized initially at the proceeds received, net of any transaction costs incurred. In subsequent periods, borrowings are restated at amortized cost using the effective yield method. Any difference between proceeds (net of transaction costs) and the redemption value is recognized in the statement of comprehensive income over the period of the borrowings. Borrowing costs are expensed as incurred (Note 24). If the borrowings mature within 12 months, then they are classified in current liabilities, otherwise they are classified in non-current liabilities (Note 13).

Qualifying assets are described as assets that necessarily take a substantial period of time to get ready for their intended use or sale within a year or more period. General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

2.7.9 Going concern

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

2.7.10 Earnings per share

Earnings per share disclosed in the statement of income and other comprehensive income are determined by dividing net profit/(loss) for the year by the weighted average number of shares that have been outstanding during the year concerned (Note 26).

Companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. For the purpose of loss per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issues without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and for each earlier year. In case of dividend distribution, earnings per share is calculated by dividing net income by the number of shares, rather than dividing by weighted average number of shares outstanding.

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

2.7 Summary of significant accounting policies (Continued)

2.7.11 Subsequent events

Subsequent events, announcements related to net profit or even declared after other selective financial information has been publicly announced, include all events that take place between the balance sheet date and the date when balance sheet was authorized for issue. In the case that events require a correction to be made occur subsequent to the balance sheet date, the Company makes the necessary corrections to the financial statements. Moreover, the events that occur subsequent to the balance sheet date and that do not require a correction to be made are disclosed in accompanying notes, where the decisions of the users of financial statements are affected.

2.7.12 Provisions, contingent liabilities and contingent assets

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company are treated as contingent assets or liabilities (Note 14). The Company does not recognize contingent assets and liabilities. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed, where an inflow of economic benefits is probable.

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Where there are number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are not recognized for future operating losses.

i. *Employee benefits defined benefit obligation (Provision for employment termination benefits)*

Employment termination benefits, as required by the Turkish Labour Law and the laws applicable in the countries where the subsidiaries operate, represent the estimated present value of the total reserve of the future probable obligation of the Company arising in case of the retirement of the employees. According to Turkish Labour Law and other laws applicable in Turkey, the Company is obliged to pay employment termination benefits to all personnel in cases of termination of employment without due cause, call for military service, be retired or death upon the completion of a minimum one-year service. All actuarial gains and losses are recognized in the statements of comprehensive income.

ii. *Provision for profit sharing and bonus plans*

The Company recognizes a liability and an expense for bonus and profit-sharing for the management and board of directors, based on a formula that takes into consideration the profit attributable to the shareholders after certain adjustments. The Company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

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

2.7 Summary of significant accounting policies (Continued)

2.7.13 Related parties

For the purpose of these financial statements, shareholders having control, joint control or significant influence over the Company, Yaşar Group Companies, key management personnel and board members, and their close family members, in each case together with and companies controlled, jointly controlled or significantly influenced by them are considered and referred to as related parties (Note 5). Related parties are determined by considering the following conditions.

a) A person or a close member of that person's family is related to a reporting entity if that person:

The person concerned,

- i) Has control or joint control over the reporting entity
- ii) Has significant influence over the reporting entity, or
- iii) Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b) An entity is related to a reporting entity if any of the following conditions applies:

- i) The entity and the reporting entity are members of the same group,
- ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member),
- iii) Both entities are joint ventures of the same third party,
- iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity,
- v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity,
- vi) The entity is controlled or jointly controlled by a person identified in (a),
- vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity). A related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged.

2.7.14 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that takes strategic decisions.

The chief operating decision makers regularly monitor and review the operational results based on the main products' performances in domestic and foreign markets. However, as the nature of the products, production processes, type of customers, distribution methods and regulatory environment for the operations of the Company are identical, and the operations performed in foreign markets is not material, segment reporting is not applicable.

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

2.7 Summary of significant accounting policies (Continued)

2.7.14 Segment reporting (Continued)

Between 1 January and 31 December 2023, TL 885.065.332 of the total export amount was realized in USD (1 January – 31 December 2022: TL 1.071.550.480). Exports are mainly made to the Gulf Countries and Europe. (Since a significant portion of the segment assets and liabilities and a significant portion of the costs incurred to acquire the segment assets are incurred in Turkey, they are not shown separately.)

2.7.15 Taxation on income

Income tax expense consists of the sum of current tax and deferred tax expense.

Current tax

Current tax is the expected tax liability or receivable on taxable profit or loss in the current year and includes adjustments for tax liabilities in previous years.

It is calculated by taking into account the tax rates that are in force or are almost certain to come into force as of the end of the reporting period. Current tax liability also includes tax liabilities arising from dividend distribution notifications.

Offsetting current tax assets and liabilities can only be done when certain conditions are met.

Income tax expense consists of the sum of current tax and deferred tax expense.

Deferred tax

Deferred tax liability or asset is determined by calculating the tax effects of temporary differences between the amounts of assets and liabilities shown in the financial statements and the amounts taken into account in the legal tax base calculation, according to the balance sheet method, taking into account the legal tax rates. While deferred tax liabilities are calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated provided that it is highly probable to benefit from such differences by obtaining taxable profit in the future. The assets and liabilities in question are not recognized if the temporary difference related to the transaction that does not affect the commercial or financial profit/loss arises from the initial recognition of goodwill or other assets and liabilities (other than business combinations).

Deferred tax liabilities are calculated for all taxable temporary differences associated with investments in subsidiaries and affiliates and interests in joint ventures, except where the Company is able to control the removal of temporary differences and it is unlikely that such differences will disappear in the near future. Deferred tax assets arising from taxable temporary differences associated with such investments and shares are calculated on the condition that it is highly probable to benefit from such differences by obtaining sufficient taxable profit in the near future and it is probable that the relevant differences will disappear in the future.

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

2.7 Summary of significant accounting policies (Continued)

2.7.15 Taxation on income (Continued)

Deferred tax assets and liabilities are calculated based on tax rates (tax regulations) that are expected to be valid in the period in which the assets will be realized or liabilities will be fulfilled and that have been legalized or substantially legalized as of the reporting date. During the calculation of deferred tax assets and liabilities, the tax consequences of the methods the Company estimates to recover the book value of its assets or fulfill its liabilities as of the reporting date are taken into account.

Deferred tax assets and liabilities are recognized when there is a legal right to offset current tax assets and current tax liabilities, or if such assets and liabilities are associated with income tax collected by the same tax authority, or if the Company intends to offset current tax assets and liabilities. is offset.

Current and deferred tax for the period

Taxes are recognized in profit or loss except on business combinations or when attributable directly to equity or other comprehensive income.

2.7.16 Statement of cash flow

In the statement of cash flows, cash flows are classified as operating, investment and financing activities. Cash flows from operating activities are those resulting from the Company's production and sales activities. Cash flows from investment activities indicate cash inflows and outflows resulting from property, plant and equipments and financial investments. Cash flows from financing activities indicate the resources used in financing activities and the repayment of these resources. For the purposes of the statement of cash flows, cash and cash equivalents comprise of cash in hand accounts, bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities equal or less than three months.

2.7.17 Share capital and dividends

Ordinary shares are classified as equity. Dividends payable on shares are recognised as an appropriation of the profit in the period in which they are declared. Dividend income is recognized when the Company's right to receive the payment is established.

2.7.18 Government grants and incentive

Government incentives are recognized systematically under "other income" in profit or loss during the periods when the related expenses are incurred. Incentives granted for past expenses or losses are recognized in profit or loss when they become collectible.

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

2.7 Summary of significant accounting policies (Continued)

2.7.19 Research and development expenses

Research expenditures are recognized as an expense in the period in which they are incurred. Intangible assets arising from the development (or from the development stage of a project carried out within the enterprise) in the presence of all of the following conditions are recognized:

- It is technically possible for the intangible asset to be completed to be ready for use or sale,
- The entity has intention to complete an intangible asset and to use or sell it,
- Possibility to use or sell intangible assets,
- How the intangible asset will determine the possible future economic benefits,
- There are sufficient technical, financial and other resources available to complete the development phase and to use or sell the intangible asset and
- The expenditure on intangible assets in the development process can be reliably measured.

In the remaining cases, development expenditures are expensed as they occur. Development expenditures expensed in the previous period are not recognized as assets in the following period. Projects in which the stages of research and development are difficult to distinguish will be expensed to the extent that they are accepted and formed during the research phase.

2.7.20 Significant accounting assessments, estimates and assumptions

The preparation of the financial statements requires the use of estimates and assumptions that may affect the amounts of assets and liabilities reported as of the balance sheet date, the disclosure of contingent assets and liabilities, and the amounts of income and expenses reported during the accounting period. Although these estimates and assumptions are based on the Company management's best knowledge of the current events and transactions, actual results may differ from the assumptions. The Company's significant accounting assumptions and estimates are:

a) *Revaluation of land, buildings and land improvements, machinery and equipments*

The frequency of revaluation studies is determined to ensure that the carried values of the tangible fixed assets and investment properties are not significantly different from their fair values as of the end of the relevant reporting period. The frequency of the revaluation studies depends on the change in the fair value of the tangible assets. In cases where the fair value of a revalued asset is considered to be significantly different from its carrying value, the revaluation study needs to be repeated, and this study is carried out for the entire class of assets with the revaluated asset as of the same date. On the other hand, it is not necessary to repeat the revaluation studies every year for the tangible fixed assets whose fair value changes are insignificant.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR THEN ENDED 31 DECEMBER 2023**

(Amounts are expressed in Turkish Lira ("TL") with purchasing power as of 31 December 2023, unless otherwise stated.)

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

2.7 Summary of Significant Accounting Policies (Continued)

2.7.20 Significant accounting assessments, estimates and assumptions (Continued)

a) Revaluation of land, buildings and land improvements, machinery and equipments (Continued)

In this context, as a result of the evaluations made by the Company management, lands and plots, buildings and underground and aboveground improvements are reflected in the financial statements with their fair values determined in the valuation studies conducted by an independent professional valuation company as of 31 December 2022. However, it is assumed that the fair values determined in the valuation studies conducted as of 31 December 2021 of machinery, facilities and devices will approximate their fair values as of 31 December 2023 after deducting the current period depreciation.

The details of the methods and assumptions used within the scope of the valuation studies carried out are as follows.

- In the fair value calculations, the most effective and efficient use assessment was made and the current usage purposes were determined as the most effective and efficient use, and the peer comparison method was used for lands and plots. In the cost approach method, the value of the real estate was determined by adding the costs of the investment on the land to the land value after amortizing it (if there is any interest or gain, deducting the depreciation share).

- In the peer comparison method, current market information was used, similar real estates recently put on the market in the region were taken into consideration, price adjustments were made within the framework of criteria that could affect the market value, and the average m² sales value was determined for the plots subject to the report. The peers found were compared within the criteria such as location, size, zoning status, physical features, real estate marketing companies were consulted for the current evaluation of the real estate market, and the current information of the independent professional valuation company was also used.

The values that may occur during the realization of purchase/sale transactions may differ from these values.

Buildings and surface arrangements were evaluated with the cost approach by taking into account the technical features of the buildings, the materials used in the buildings, the construction costs of buildings constructed with the same features in the market, and the costs calculated based on our past experiences. The depreciation share in the buildings was evaluated by taking into account the visible physical condition of the building based on the experiences of the valuation expert.

b) Employee termination benefits

The company uses actuarial assumptions such as employee turnover rate, discount rates and salary increase in the calculation of the provision for employee termination benefits. Calculation details are given in employee benefits footnote. (Note 16).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THEN ENDED 31 DECEMBER 2023

(Amounts are expressed in Turkish Lira ("TL") with purchasing power as of 31 December 2023, unless otherwise stated.)

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

2.7 Summary of significant accounting policies (Continued)

2.7.20 Significant accounting assessments, estimates and assumptions (Continued)

c) *Financial assets fair value determination*

In cases where the assets of which the fair value difference is recorded in other comprehensive income do not have any fair value recorded in the stock exchange, it can be defined that the assets and liabilities of significant amounts, which are one of the other alternative valuation techniques, especially the discounted cash flow method, which is one of the generally accepted valuation techniques used in the calculation of fair value. The net asset valuation approach includes some assumptions based on the Company's best estimates, and the values that may arise in the event of purchase / sale transactions may differ from these values (Note 27).

NOTE 3 - INTERESTS IN OTHER ENTITIES

Associates:

	31 December 2023		31 December 2022	
	TL	(%)	TL	(%)
YBP	668.050.403	31,82	799.773.037	31,82
Desa Enerji (*)	86.361.912	25,65	85.678.885	25,65
Pınar Foods	105.359.606	44,94	100.399.618	44,94
	859.771.921		985.851.541	

Details of significant investment in associates of the Company as at 31 December 2023 and 2022 are as follows:

Associates	Nature of business	Based on
- YBP	Marketing and distribution	Türkiye
- Desa Enerji	Energy generation	Türkiye
- Pınar Foods	Marketing and distribution	Germany

The following tables present summarized financial information for the Company's subsidiaries. The disclosed information reflects the amounts presented in the financial statements of the relevant subsidiaries and these amounts are not the Company's shares. These have been modified to reflect the change in accounting policies.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THEN ENDED 31 DECEMBER 2023

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NOTE 3 – INTEREST IN OTHER ENTITIES (Continued)

<i>Statement of Financial Positions</i>	YBP		Desa Enerji		Pinar Foods	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Current Asset						
Cash and Cash Equivalents	49.289.326	104.072.156	36.568.756	35.949.055	116.798.965	86.992.616
Other Current Asset	1.825.191.259	2.114.027.531	101.325.526	228.473.514	141.578.583	140.512.399
Total Current Assets	1.874.480.585	2.218.099.687	137.894.282	264.422.569	258.377.549	227.505.015
Non-Current Assets	2.519.530.246	2.874.301.395	304.730.389	264.798.051	6.422.696	13.052.167
Short-Term Liabilities						
Financial Liabilities (Trade Payables Excluded)	100.666.377	25.323.147	11.592.665	513.109	5.949.417	7.171.791
Other Short Term Liabilities	2.059.369.561	2.261.783.962	93.322.130	168.629.737	24.405.777	3.963.443
Total Short-Term Liabilities	2.160.035.938	2.287.107.109	104.914.795	169.142.846	30.355.194	11.135.234
Long-Term Liabilities						
Financial Liabilities (Trade Payables Excluded)	8.578.123	5.580.855	-	1.826.027	-	6.013.807
Other Short Term Liabilities	125.929.757	286.284.338	1.016.263	24.221.008	-	-
Total Long-Term Liabilities	134.507.880	291.865.194	1.016.263	26.047.034	-	6.013.807
Net Asset	2.099.467.013	2.513.428.779	336.693.613	334.030.739	234.445.051	223.408.141

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THEN ENDED 31 DECEMBER 2023

(Amounts are expressed in Turkish Lira ("TL") with purchasing power as of 31 December 2023, unless otherwise stated.)

NOTE 3 – INTEREST IN OTHER ENTITIES (Continued)

<i>Reconciliation of Net Book Values</i>	YBP		Desa Enerji		Pınar Foods	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
1 January Opening Value of Net Assets	2.513.428.779	1.808.933.723	334.030.739	294.350.245	223.408.141	157.310.426
Net Profit for the Year	374.178.304	360.299.992	50.711.536	43.236.236	10.019.140	13.425.093
Other Comprehensive Income	(660.250.784)	419.994.373	2.153.992	10.488.283	-	-
Dividend paid	(127.889.287)	(75.799.309)	(50.157.385)	(13.999.113)	-	-
Foreign Currency Translation Differences	-	-	-	-	1.017.770	52.672.622
Closing Value of Net Assets	2.099.467.012	2.513.428.779	336.738.882	334.075.651	234.445.051	223.408.141
Company's share in %	31,82%	31,82%	25,65%	25,65%	44,94%	44,94%
Company's share in TL	668.050.403	799.773.037	86.361.912	85.678.885	105.359.606	100.399.618
Net Book Value	668.050.403	799.773.037	86.361.912	85.678.885	105.359.606	100.399.618

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THEN ENDED 31 DECEMBER 2023

(Amounts are expressed in Turkish Lira ("TL") with purchasing power as of 31 December 2023, unless otherwise stated.)

NOTE 3 – INTERESTS IN OTHER ENTITIES (Continued)

<i>Comprehensive Income</i>	YBP		Desa Enerji		Pınar Foods	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Revenue	14.700.883.786	14.021.563.415	766.597.384	1.233.470.855	401.867.747	302.011.588
Interest Income	134.876	18.954.620	13.903.400	14.496.953	-	-
Depreciation and Amortization	(103.230.970)	(63.736.151)	(32.962.697)	(49.963.107)	(67.616)	(66.613)
Interest Expense	(11.726.319)	(24.254.688)	(846.491)	(403.808)	-	-
Income Tax Expense	-	(59.297.145)	-	(23.037.951)	(4.934.800)	(4.013.013)
Profit For The Year Continuing Operations	374.178.304	360.299.992	50.711.536	43.236.236	10.019.140	13.425.093
Net Profit for the Year	374.178.304	360.299.992	50.711.536	43.236.236	10.019.140	13.425.093
Other Comprehensive Income	(660.250.784)	419.994.373	2.153.992	10.488.283	-	-
Total Comprehensive Income	(286.072.480)	780.294.365	52.865.528	53.724.519	10.019.140	13.425.093

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THEN ENDED 31 DECEMBER 2023

(Amounts are expressed in Turkish Lira ("TL") with purchasing power as of 31 December 2023, unless otherwise stated.)

NOTE 3 – INTERESTS IN OTHER ENTITIES (Continued)

Movement in investments-in-associates during the years 2023 and 2022 are as follows:

	2023	2022
1 January	985.851.541	724.173.225
Share of profit in-associates - net	136.573.647	131.770.789
Foreign currency translation differences	457.386	23.671.076
Actuarial loss arising from defined benefit plans of investments-in associates - net	(11.906.860)	(16.580.678)
Dividend income from subsidiaries	(53.571.352)	(31.838.554)
Profit or loss from other comprehensive income of equity-accounted investments	(194.013.237)	110.387.788
Increase in revaluation reserve of subsidiaries	(3.619.204)	44.267.894
31 December	859.771.921	985.851.541

NOTE 4 - CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
Cash	-	-
Banks	6.077.650	36.527.838
- Demand Deposits	6.077.650	22.513.901
- TL	5.253.710	22.513.901
- Foreign Currency	823.940	-
- Time Deposits	-	14.013.937
- TL	-	14.013.937
Other	8.945.900	-
	15.023.550	36.527.838

As of 31 December 2023, the Company does not have any time deposits (As of 31 December 2022: 15,62% for TL with a maturity period of 1 month).

The credit risks of the banks where the Company's deposits are held are evaluated based on independent data. The market values of cash and cash equivalents approximate their carrying values, including the accrued interest income as of the balance sheet date. Details of cash and cash equivalents denominated in foreign currency are presented in Note 28.

PINAR SÜT MAMÜLLERİ SANAYİİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THEN ENDED 31 DECEMBER 2023

(Amounts are expressed in Turkish Lira ("TL") with purchasing power as of 31 December 2023, unless otherwise stated.)

NOTE 5 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Shareholders, key management personnel, and members of the board of directors, along with their families and companies controlled by or affiliated with them, are considered related parties. Various transactions have been conducted with related parties as part of the Company's normal operations. These transactions were generally carried out in accordance with market conditions during the normal course of business. The summary of receivables from related parties, payables to related parties, and significant transactions with related parties as of 31 December 2023 and 31 December 2022 are presented below:

i) *Balances with related parties :*

a) **Short Term Trade Receivables from Related Parties:**

	31 December 2023	31 December 2022
YBP ⁽¹⁾	1.197.066.872	1.442.758.591
YDT ⁽²⁾	934.845.359	708.730.394
	2.131.912.231	2.151.488.985

The average maturity of short-term trade receivables from related parties as of 31 December 2023 is 2 months (2022: 2 months).

As of 31 December 2023, trade receivables from related parties amounting to TL 752.694.792 (2022: TL 466.533.019) over which no provision for impairment is provided of overdue receivables and aging is shown Note 28.a.

b) **Short-term other receivables from related parties:**

	31 December 2023	31 December 2022
Yaşar Holding ⁽³⁾	655.385.144	701.746.244
HDF FZCO ⁽²⁾	282.254.045	351.483.194
Other	-	310.608
	937.639.189	1.053.540.047

As of 31 December 2023, the Company's short-term other receivables from Yaşar Holding amount to TL 655.385.144 (31 December 2022: TL 425.886.881). These receivables consist of the principal and accrued interest on borrowings provided by the Company and transferred to Yaşar Holding under the same conditions, with an average maturity of 6 months and an effective annual interest rate of 43,24% (31 December 2022: 20,25%).

As of 31 December 2023, the Company has non-trade receivables from HDF FZCO amounting to TL 282.254.045 (31 December 2022: TL 213.313.691). These receivables are expected to be collected within one year and have an effective annual interest rate of 46,00% (31 December 2022: 21,75%).

- (1) Investment in associate
- (2) Related party controlled by parent company
- (3) Parent company

PINAR SÜT MAMÜLLERİ SANAYİİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THEN ENDED 31 DECEMBER 2023

(Amounts are expressed in Turkish Lira ("TL") with purchasing power as of 31 December 2023, unless otherwise stated.)

NOTE 5 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

i) *Balances with related parties (Continued):*

c) Long-term other receivables from related parties:

	31 December 2023	31 December 2022
Yaşar Holding	-	3.398.441
	-	3.398.441

As of 31 December 2022, long-term other receivables from related parties consist of the principal and accrued interest on long-term loan borrowings provided by a financial institution and transferred to Yaşar Holding under the same conditions. The effective annual interest rate on these loans is 12,36%.

d) Short-term trade payables to related parties:

	31 December 2023	31 December 2022
YDT	69.456.602	55.298.113
Yaşar Holding	55.660.787	28.790.703
Çamlı Yem Besicilik Sanayi ve Tic. A.Ş. ("Çamlı Yem")(2)	27.191.826	41.144.447
Desa Enerji (1)	16.952.923	43.108.896
HDF FZCO (2)	1.780.051	9.668.582
Other	28.512.442	10.789.210
	199.554.631	188.799.951

Commercial debts to YDT arise from export service and commission fees. Commercial debts to Yaşar Holding arise from consultancy and service fees. Trade payables to Çamlı Yem mainly consist of raw material purchases.

- (1) Investment in associate
(2) Related party controlled by parent company

ii) *Transaction with related parties:*

a) Product sales:

	1 January - 31 December 2023	1 January - 31 December 2022
YBP	9.579.525.873	9.506.975.899
YDT	1.119.947.869	1.498.133.967
Pınar Et	23.376.459	15.013.643
	10.724.225.482	11.020.123.509

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THEN ENDED 31 DECEMBER 2023

(Amounts are expressed in Turkish Lira ("TL") with purchasing power as of 31 December 2023, unless otherwise stated.)

NOTE 5 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

The company sells most of its products domestically to its subsidiary and Yaşar Group company YBP, and sells them abroad through YDT, a Yaşar Group company, and a significant portion of these export sales are made to HDF FZCO, a Yaşar Holding group company.

b) Service sales:

	1 January - 31 December 2023	1 January - 31 December 2022
YDT	43.598.784	84.345.720
YBP	6.274.696	2.932.229
Pınar Et	3.534.560	2.777.314
Çamlı Yem	2.642.478	1.997.083
Pınar Su	1.899.609	1.672.211
Other	1.727.540	1.250.945
	59.677.667	94.975.502

c) Other income from operating activities:

YDT	103.193.305	293.061.404
YBP	40.237.342	2.770.018
Çamlı Yem	9.950.213	4.508.364
Other	-	478.617
	153.380.860	300.818.403

Other income from operating activities mostly consist of foreign exchange income from export receivables and building rent income from YBP and Çamlı Yem.

d) Dividens Received:

YBP	23.480.770	16.876.326
Pınar Et	17.118.502	10.959.274
Desa Enerji	8.503.108	5.770.182
Bintur Turizm ve Catering Hizmetleri A.Ş. ("Bintur")	27.740	24.421
	49.130.120	33.630.203

e) Other expenses from operating activities:

Yaşar Holding	6.171.894	838.994
YDT	1.824.980	10.877.011
Çamlı Yem	-	197.411
Other	1.790.747	7.139.998
	9.787.621	19.053.414

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THEN ENDED 31 DECEMBER 2023

(Amounts are expressed in Turkish Lira ("TL") with purchasing power as of 31 December 2023, unless otherwise stated.)

NOTE 5 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

A significant portion of other expenses from operating activities consists of maturity differences, interest, and exchange rate differences related to the Company's trade payables to related parties.

	1 January - 31 December 2023	1 January - 31 December 2022
f) Product purchases from related parties:		
Desa Enerji	221.758.215	382.510.193
Çamlı Yem	202.251.212	153.658.466
Desa Elektrik Enerjisi Ticaret A.Ş.	56.760.248	40.289.772
YADEX	24.943.322	-
Hedef Ziraat Ticaret A.Ş.	-	1.848.196
Other	1.322.425	1.704.542
	507.035.422	580.011.169

The Company purchases steam and electricity from Desa Enerji and raw materials from Çamlı Yem.

g) Service Purchases from related parties:

Yaşar Holding	115.075.135	102.664.541
YBP	84.160.443	87.550.253
YDT	28.630.285	67.990.754
Yaşar Bilgi İşlem ve Ticaret A.Ş. ("Yabim") (2)	19.689.764	14.664.695
Bintur	4.114.468	1.928.406
HDF FZCO	622.722	13.429.693
Other	6.198.938	4.965.996
	258.491.754	293.194.337

Service purchases made from YDT mainly consist of the reflection of various export costs of foreign sales and service commissions. Service purchases from Yaşar Holding are related to various services and consultancy charges. The service purchases from the Company's group company and its associate YBP consist of promotional and advertising services and promotion expenses reflected to the company.

h) Financial income from related parties:

Yaşar Holding	152.279.588	65.277.824
HDF FZCO	95.701.609	-
	247.981.197	65.277.824

i) Dividends from related parties:

Yaşar Holding	106.827.099	56.854.693
Yaşar Eğitim ve Kültür Vakfı	8.667.000	4.399.437
Other	15.274.401	7.748.308
	130.768.500	69.002.438

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THEN ENDED 31 DECEMBER 2023

(Amounts are expressed in Turkish Lira ("TL") with purchasing power as of 31 December 2023, unless otherwise stated.)

NOTE 5 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

At the Annual General Assembly Meeting held on 29 March 2023, it was decided to distribute dividends and profit shares totaling TL 197.832.568 for the year 2023 (2022: TL 63.538.814). Of the distributed dividend amount, TL 67.064.069 (2022: TL 21.661.521) was paid to other shareholders.

	1 January - 31 December 2023	1 January - 31 December 2022
j) Donations to related parties:		
Yaşar Eğitim ve Kültür Vakfı	4.755.323	421.375
	4.755.323	421.375

k) Financial expenses from Related Parties:

Yaşar Holding	660.768	44.225
Other	1.564.500	10.221.421
	2.225.268	10.265.646

l) Key management compensation:

Senior management consists of board members and executives at the director level and above. The benefits provided to these managers are as follows:

Total Short-Term Benefits	58.184.881	35.465.766
Other Long-Term Benefits	-	4.759.999
	58.184.881	40.225.765

The portion of total short-term benefits amounting to TL 15.205.000 (1 January – 31 December 2022: TL 7.711.236) consists of the Board of Directors' appropriation according to the decision taken at the Ordinary General Assembly.

m) Bails received from related parties:

As of 31 December 2023, the guarantees received stem from the guarantees provided by YBP and Yaşar Holding as guarantors, amounting to TL 33.887.733 (31 December 2022: TL 44.242.659).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THEN ENDED 31 DECEMBER 2023

(Amounts are expressed in Turkish Lira ("TL") with purchasing power as of 31 December 2023, unless otherwise stated.)

NOTE 6 – TRADE PAYABLES

a) Short-term trade payables to third parties:

	31 December 2023	31 December 2022
Supplier current accounts	1.619.872.851	1.839.008.384
	1.619.872.851	1.839.008.384

The average maturity of trade payables is 2 months (31 December 2022: 2 months).

NOTE 7 - OTHER PAYABLES

a) Other short-term payables to third parties:

	31 December 2023	31 December 2022
Taxes and funds payable	22.059.585	22.177.888
Other	609.217	652.089
	22.668.802	22.829.977

NOTE 8 – INVENTORIES

	31 December 2023	31 December 2022
Finished Goods	478.111.722	412.946.148
Work-in-progress	403.318.003	502.174.203
Raw Materials	326.324.959	271.611.044
Spare parts and palettes	76.412.521	63.433.984
Other	732.086	469.546
	1.284.899.292	1.250.634.925

The costs of inventories recognized as expense and included in cost of sales amounted to TL 8.797.862.040 (2022: TL 8.458.854.676) (Note 17). There is no impairment on inventories.

NOTE 9 - PREPAID EXPENSES AND DEFERRED INCOME

a) Short-term prepaid expenses to third parties:

	31 December 2023	31 December 2022
Prepaid expenses	35.733.109	14.787.068
Advances given	2.047.659	2.766.946
	37.780.768	17.554.014

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THEN ENDED 31 DECEMBER 2023

(Amounts are expressed in Turkish Lira ("TL") with purchasing power as of 31 December 2023, unless otherwise stated.)

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS

a) Property, Plant And Equipment:

	1 January 2023	Additions	Disposals	Transfers	Accumulated Depreciation Netting Before Valuation	Revaluation Increases	31 December 2023
<u>Cost or revaluation:</u>							
Land	2.169.310.452	-	-	-	-	-	2.169.310.452
Land improvements and buildings	1.095.224.300	1.796.052	(170.077)	-	-	-	1.096.850.275
Machinery, plant and equipment	2.574.925.998	66.026.740	(28.423.049)	24.522.010	-	-	2.637.051.698
Furniture and fixtures	735.784.922	8.657.881	(806.558)	-	-	-	743.636.245
Motor vehicles	97.440.135	-	-	-	-	-	97.440.135
Construction in progress	69.324.433	43.255.320	-	(24.522.010)	-	-	88.057.743
	6.742.010.240	119.735.992	(29.399.684)	--	--	--	6.832.346.548
<u>Accumulated depreciation (-):</u>							
Land improvements and buildings	(8.805.213)	(48.798.123)	34.652	-	-	-	(57.568.684)
Machinery, plant and equipment	(133.678.784)	(173.573.700)	9.972.571	-	-	-	(297.279.913)
Furniture and fixtures	(676.809.424)	(13.280.067)	540.574	-	-	-	(689.548.918)
Motor vehicles	(84.808.373)	(1.203.055)	-	-	-	-	(86.011.428)
	(904.101.794)	(236.854.945)	10.547.796	-	-	-	(1.130.408.943)
Net book value	5.837.908.446						5.701.937.605

As of 31 December 2023, main additions to property, plant and equipment are comprised of investments related to machinery and equipment.

PINAR SÜT MAMÜLLERİ SANAYİİ A.Ş.

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(Amounts are expressed in Turkish Lira ("TL") with purchasing power as of 31 December 2023, unless otherwise stated.)

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS (Continued)

a) Property, Plant And Equipment (Continued):

Movements of property, plant and equipment and accumulated depreciation between 1 January and 31 December 2022 were as follows:

	1 January 2022	Additions	Disposals	Transfers	Accumulated Depreciation Netting Before Valuation	Revaluation Increases	31 December 2022
<u>Cost or revaluation:</u>							
Land	1.092.802.969	-	-	-	-	1.076.507.483	2.169.310.452
Land improvements and buildings	672.144.025	1.875.717	-	-	(28.101.356)	449.305.915	1.095.224.300
Machinery, plant and equipment	2.493.106.097	83.680.765	(97.806.736)	95.945.871	-	-	2.574.925.998
Furniture and fixtures	732.055.399	5.982.344	(2.252.821)	-	-	-	735.784.922
Motor vehicles	85.285.554	12.154.582	-	-	-	-	97.440.135
Construction in progress	108.966.888	56.303.416	-	(95.945.871)	-	-	69.324.433
	5.184.360.932	159.996.824	(100.059.557)	-	(28.101.356)	1.525.813.397	6.742.010.240
<u>Accumulated depreciation (-):</u>							
Land improvements and buildings	(8.689.372)	(28.217.197)	-	-	28.101.356	-	(8.805.213)
Machinery, plant and equipment	-	(174.984.632)	-	41.305.848	-	-	(133.678.784)
Furniture and fixtures	(664.155.252)	(14.858.610)	-	2.204.437	-	-	(676.809.424)
Motor vehicles	(83.605.319)	(1.203.055)	-	-	-	-	(84.808.373)
	(756.449.942)	(219.263.493)	-	43.510.285	28.101.356	-	(904.101.794)
Net book value	4.427.910.990						5.837.908.446

As of 31 December 2022, main additions to property, plant and equipment are comprised of investments related to machinery and equipment.

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**NOTES TO THE FINANCIAL STATEMENTS
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NOTE 10 - PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS (Continued)

b) Right of Use Assets:

	1 January 2023	Additions	Disposals	31 December 2023
Cost:				
Land improvements and buildings	76.887.964	251.275	-	77.139.239
Motor vehicles	97.244.593	72.208.550	-	169.453.143
	174.132.557	72.459.825	-	246.592.382
Accumulated depreciation (-):				
Land improvements and buildings	(62.207.606)	(3.567.338)	-	(65.774.944)
Motor vehicles	(52.426.309)	(54.221.344)	-	(106.647.653)
	(114.633.915)	(57.788.682)	-	(172.422.597)
Net book value	59.498.642			74.169.785

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**NOTES TO THE FINANCIAL STATEMENTS
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NOTE 10 - PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS (Continued)

b) Right of Use Assets (Continued):

	1 January 2022	Additions	Disposals	31 December 2022
Cost:				
Land improvements and buildings	49.523.204	27.364.760	-	76.887.964
Motor vehicles	89.364.756	7.879.837	-	97.244.593
	138.887.960	35.244.597	-	174.132.557
Accumulated depreciation (-):				
Land improvements and buildings	(34.778.361)	(27.429.245)	-	(62.207.606)
Motor vehicles	(33.549.379)	(18.876.930)	-	(52.426.309)
	(68.327.741)	(46.306.174)	-	(114.633.915)
Net book value	70.560.220			59.498.642

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NOTES TO THE FINANCIAL STATEMENTS

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(Amounts are expressed in Turkish Lira ("TL") with purchasing power as of 31 December 2023, unless otherwise stated.)

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS (Continued)

There are no mortgages or other collaterals placed on property, plant and equipment as of 31 December 2023 (2022: None).

Of the depreciation and amortization expenses of the period, TL 197.057.788 (2022: TL 202.033.037) is reflected in cost of goods sold, TL 49.427.580 (2022: TL 40.785.084) is reflected in marketing expenses (Note 21.a), TL 32.804.616 (2022: TL 23.586.221) is reflected in general administrative expenses (Note 21.b) and TL 9.798.812 (2022: TL 7.460.137) is reflected in research and development expenses (Note 21.c).

Movements in revaluation reserve related to land, buildings, land improvements, machinery and equipment as of 31 December 2023 and 2022 were as follows:

	2023	2022
1 January	1.317.517.348	-
Change in tax rates	(94.642.936)	-
Increase in revaluation reserve arising from revaluation of land, buildings and land improvements – net	-	1.515.029.279
The deferred tax effect on the revaluation of immovables and other depreciable economic	-	(197.511.931)
Depreciation transfer arising from revaluation increase classified to retained earnings - net	(11.232.648)	-
31 December	1.211.641.764	1.317.517.348

The carrying amounts of each class of property, plant and equipment that would have been recognized if the assets have been carried under the cost model at 31 December 2023 and 2022 are as follows:

	Land	Land improvements and buildings	Machinery and equipment
31 December 2023			
Cost	863.348.124	472.133.029	1.912.854.416
Less: Accumulated depreciation	-	(2.922.548)	(135.815.141)
Net Book Value	863.348.124	469.210.481	1.777.039.275
31 December 2022			
Cost	1.776.156.361	894.043.843	1.840.318.037
Less: Accumulated depreciation	-	(18.810.599)	(14.306.145)
Net Book Value	1.776.156.361	875.233.244	1.826.011.892

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FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2023

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NOTE 11 - INTANGIBLE ASSETS

The movements of intangible assets and related accumulated amortization for the years ended 31 December 2023 and 2022 were as follows:

	1 January 2023	Additions	Disposals	31 December 2023
Costs:				
Rights	155.666.801	1.217.054	-	156.883.855
Construction in progress	56.734.226	14.516.406	-	71.250.632
Less: Accumulated amortization	(166.732.535)	(8.522.868)	-	(175.255.403)
Other	6.629.007	-		6.629.007
Net Book Value	52.297.499	7.210.592	-	59.508.091
	1 January 2022	Additions	Disposals	31 December 2022
Costs:				
Rights	154.366.189	1.300.612	-	155.666.801
Construction in progress	56.734.226	-	-	56.734.226
Less: Accumulated amortization	(158.437.724)	(8.294.811)	-	(166.732.535)
Other	6.629.007	-	-	6.629.007
Net Book Value	59.291.698	(6.994.199)	-	52.297.499

NOTE 12 - GOVERNMENT GRANTS AND INCENTIVES

During 2023, in scope of Turquality Project implemented by Undersecretariat of Foreign Trade to support brandization of products made in Turkey in foreign markets and to settle the image of Turkish goods, the Company was provided TL 5.778.916 (2022: TL 576.110) government incentive. As of 31 December 2023, the company has incentive accrual amounting to TL 1.316.792 (31 December 2022: TL 8.141.427). There are investment incentive certificates to which the Company has been entitled by the official authorities (Note 25).

NOTE 13 - BORROWINGS AND BORROWING COSTS

	31 December 2023	31 December 2022
From third parties:		
Short-term borrowings	1.720.346.641	1.259.651.884
Issued debt instruments	938.481.150	836.485.548
Short-term portion of long-term borrowings	50.519.255	86.816.302
Borrowings from lease liabilities	16.533.093	12.823.920
Short-term borrowings	2.725.880.139	2.195.777.654
Long-term borrowings	6.801.226	37.635.227
Borrowings from lease liabilities	18.627.375	14.215.718
Long-term borrowings	25.428.601	51.850.945
	2.751.308.740	2.247.628.599

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2023

(Amounts are expressed in Turkish Lira ("TL") with purchasing power as of 31 December 2023, unless otherwise stated.)

NOTE 13 - BORROWINGS AND BORROWING COSTS (Continued)

	Effective weighted average interest rate p.a. %		Original currency		TL equivalent	
	31 Dec. 2023	31 Dec. 2022	31 Dec. 2023	31 Dec. 2022	31 Dec. 2023	31 Dec. 2022
Short-term borrowings:						
TL borrowings (*)	44,50	18,18	1.626.880.356	1.259.651.883	1.626.880.356	1.259.651.883
USD borrowings (*)	8,70	-	3.175.000	-	93.466.285	-
Short-term portion of long-term bank borrowings:						
TL borrowings (**)	33,12	14,36	30.620.762	65.523.443	30.620.762	65.523.443
EUR leasing borrowings	-	-	609.773	1.066.200	19.898.493	21.292.858
Total short-term borrowings					1.770.865.896	1.346.468.186
Long-term bank borrowings:						
TL borrowings (**)	33,11	12,86	6.801.226	17.568.912	6.801.226	17.568.912
EUR leasing borrowings	-	-	-	1.004.783	-	20.066.315
Total long-term borrowings					6.801.226	37.635.227

(*) As of 31 December 2023, short-term borrowings consist of fixed interest spot loans and floating interest loans. (31 December 2022: Short-term borrowings consist of zero and fixed interest spot loans and floating and fixed interest loans). As of 31 December 2023, there are no USD short-term loans (31 December 2022: There are no USD short-term loans).

(**) As of 31 December 2023, TL denominated long-term borrowings consist of loans with a fixed interest rate of 31.70% p.a and 36.30% p.a. (31 December 2022: TL denominated long-term borrowings consist of loans with a fixed interest rate of 11.55% p.a and 18.50% p.a.)

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NOTE 13 - BORROWINGS AND BORROWING COSTS (Continued)

As of 31 December 2023, the maturity of the Company's issued debt instruments is between 6-12 months and the interest rates vary between 33,62% and 48,50% (31 December 2022: maturity 6 months, interest rate 27% -29,5%).

Guarantees given for The Company's financial liabilities and other financial liabilities are explained in Note 14.

The redemption schedule of long-term borrowings at 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
2024	-	37.635.227
2025	6.801.224	-
	6.801.224	37.635.227

31 December 2023 and 2022 are prepared in accordance with the Company's floating interest rate and the fixed rate renewal date net financial debt maturity breakdown is as follows:

31 December 2023

Borrowing with floating interest rates	1.661.121.882
Borrowings with fixed rates	1.090.186.858
Total	2.751.308.740

31 December 2022

Borrowing with floating interest rates	420.131.143
Borrowings with fixed rates	943.945.319
Total	1.364.076.462

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NOTE 13 - BORROWINGS AND BORROWING COSTS (Continued)

As of 31 December 2023 and 2022 the movement of net borrowings are as follows:

	2023	2022
1 January	2.211.100.759	776.157.956
Cash inflow from borrowings	3.978.324.819	3.004.079.824
Repayment of borrowings	(4.455.347.703)	(2.383.363.581)
Currency translation difference	(611.088)	(64.005.780)
Change in cash and cash equivalents	21.504.288	29.793.690
Borrowings from lease liabilities	8.120.830	(3.874.032)
Borrowings from financial lease liabilities	22.214.648	24.550.773
Accrual of interest effect	12.497.486	(8.723.639)
Issued debt instruments	938.481.150	836.485.548
31 December	2.736.285.189	2.211.100.759

NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

31 December 2023 31 December 2022

a) Guarantees given:

Letter of guarantee	353.091.375	294.355.961
	353.091.375	294.355.961

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2023

(Amounts are expressed in Turkish Lira ("TL") with purchasing power as of 31 December 2023, unless otherwise stated.)

NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

The collaterals, pledges and mortgages ("CPM") position of the Company for the years ended 31 December 2023 and 2022 were as follows:

	31 December 2023			31 December 2022		
	Currency	Amount	TL Equivalent	Currency	Amount	TL Equivalent
The CPMs given by the Company:						
A. Total amount of CPM given for the Company's own legal personality			353.091.376			294.355.961
	TL	352.890.245	352.890.245	TL	294.145.460	294.145.460
	USD	6.820	201.131	USD	11.238	210.501
	-	-	-	-	-	-
B. Total amount of CPM given on behalf of fully consolidated companies	-	-	-	-	-	-
C. Total amount of CPM given for continuation of its economic activities on behalf of third parties	-	-	-	-	-	-
	-	-	-	-	-	-
D. Total amount of other CPM	-	-	-	-	-	-
	-	-	-	-	-	-
i. Total amount of CPM given on behalf of the majority shareholder	-	-	-	-	-	-
	-	-	-	-	-	-
ii. Total amount of CPM given to behalf of other the Company companies which are not in scope of B and C	-	-	-	-	-	-
	-	-	-	-	-	-
iii. Total amount of CPM given on behalf of third parties which are not in scope of C	-	-	-	-	-	-
	-	-	-	-	-	-
TOTAL			353.091.376			294.355.961

The ratio of total amount of other CPM To Equity

0%

0%

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(Amounts are expressed in Turkish Lira ("TL") with purchasing power as of 31 December 2023, unless otherwise stated.)

NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

	31 December 2023	31 December 2022
b) Guarantees received:		
Bails	78.887.733	72.899.920
Guarantee notes	37.826.346	47.830.201
Letters of guarantee	43.826.498	29.931.920
Guarantee cheques	109.422	114.520
	160.649.999	150.776.561

As of 31 December 2023 received bails are related with guarantee letter amounting to TL 78.887.733 guarantees provided by YBP and Yaşar Holding (31 December 2022: Received bails are related with guarantee letter amounting to TL 72.899.920 guarantees provided by YBP and Yaşar Holding).

Foreign currency denominated guarantees given as of 31 December 2023 is as follows:

Guarantees received	EUR	1.027.172
	USD	467.317

Foreign currency denominated guarantees given as of 31 December 2022 is as follows:

Guarantees received	EUR	888.744
	USD	433.717

c) Major litigations

None.

NOTE 15 - COMMITMENTS

As of 31 December 2023, the Company has not any purchase commitments (2022: None).

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2023

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NOTE 16 - EMPLOYEE BENEFITS

a) Payables related to employee benefits:

	31 December 2023	31 December 2022
Social security premiums payable	20.474.922	15.982.489
Unused leave allowance	3.021.178	3.483.107
Payables to personnel	69.293	130.798
	23.565.393	19.596.394

b) Short-term provisions for employee benefits:

Provision for seniority incentive bonus	867.570	3.569.655
	867.570	3.569.655

c) Long-term provisions for employee benefits:

Provision for employment termination benefits	134.173.260	236.783.041
Provision for seniority incentive bonus	7.150.187	5.169.699
	141.323.447	241.952.740

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of TL 23.490 for each year of service as of 31 December 2023 (31 December 2022: TL 25.327). The liability is not funded, as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees with certain actuarial assumptions.

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. The maximum amount of TL 35.059 which is effective from 1 January 2024 (1 January 2023: TL 32.926) has been taken into consideration in calculating the provision for employment termination benefits of the Company which is calculated once in every six months.

The following actuarial assumptions were used in the calculation of the total liability:

	2023	2022
Discount rate (%)	2,81	0,50
Probability of retirement (%)	97,11	97,12

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NOTE 16 - EMPLOYEE BENEFITS (Continued)

Movements of the provision for employment termination benefits during the years are as follows:

	2023	2022
1 January	236.783.040	136.748.041
Interest costs	44.832.845	29.858.459
Actuarial losses	24.887.492	129.651.119
Paid during the year	(112.185.455)	(14.138.842)
Service Cost	17.296.946	20.629.648
Monetary gain/(loss)	(77.441.608)	(65.965.385)
31 December	134.173.260	236.783.040

The total of interest cost, actuarial losses and increase during the year amounting to TL 87.017.283 (2022: TL 180.139.226) was included in general administrative expenses amounting to TL 17.296.946 (2022: TL 20.629.648) financial expenses amounting to TL 44.832.845 (2022: TL 29.858.459) and other comprehensive income amounting to TL 24.887.492 (2022: TL 129.651.119).

NOTE 17 - EXPENSES BY NATURE

	1 January - 31 December 2023	1 January - 31 December 2022
Direct material costs	8.797.862.040	8.458.854.676
Staff costs	685.414.114	518.559.884
Energy	546.694.291	898.054.490
Repair and maintenance	331.328.135	323.588.049
Outsourced services	213.555.849	170.694.839
Advertisement	192.712.903	194.049.268
Depreciation and amortization	289.088.796	273.864.479
Consultancy charges	124.916.028	102.666.392
Transportation	80.787.558	49.758.650
Other	20.656.061	93.034.890
	11.283.015.774	11.083.125.617

Fees For Services Received From Independent Auditors

The Company's explanation regarding the fees for the services received from the independent audit firms, which is based on the letter of POA dated 19 August 2021, the preparation principles of which are based on the Board Decision published in the Official Gazette on 30 March 2021, are as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Independent audit fees for the reporting period	1.607.340	461.364

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NOTE 18 - OTHER ASSETS AND LIABILITIES

	31 December 2023	31 December 2022
a) Other current assets from third parties:		
Deferred Value Added Tax	195.422.953	194.756.790
Income accrual	1.421.489	8.244.110
Other	4.028	6.709
	196.848.470	203.007.609

NOTE 19 - SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

The Company adopted the registered share capital system available to companies registered to the CMB and set a limit on its registered share capital representing registered type shares with a nominal value of Kr1. The Company's historical authorized registered capital at 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Registered share capital (historical values)	80.000.000	80.000.000
Authorized registered share capital with a nominal	44.951.051	44.951.051

The compositions of the Company's share capital at 31 December 2023 and 2022 were as follows:

Shareholder	31 December 2023		31 December 2022	
	Share (%)	Share amount (TL)	Share (%)	Share amount (TL)
Yaşar Holding (A.B.C)	61,41	27.603.901	61,41	27.603.901
Public Part (C)	37,95	17.060.367	37,95	17.060.367
Other	0,64	286.783	0,64	286.783
Share capital	100,00	44.951.051	100,00	44.951.051
Adjustment to share capital		958.754.210		958.754.210
Total paid-in capital		1.003.705.261		1.003.705.261

Adjustment to share capital amounting to TL 958.754.210 (2022: TL 958.754.210) represents the remaining amount after net-off the accumulated losses of 2003 from the difference between restated (inflation adjusted) share capital and historical cost of share capital (before inflation adjustment).

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NOTE 19 - SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

Regarding to Capital Market Regulation, in Turkey companies have right to exceed registered capital thereby addition of all reserves to capital to increase registered capital amount one-time. On the other hand, registered capital amount is not exceeding through cash increase.

As of 31 December 2023, there are 4.495.105.125 (2022: 4.495.105.125) units of shares each with a face value of Kr 1 each.

The Company's capital is composed of 172.800 units of A type shares and 126.000 units of B type shares and 4.494.806.325 units of C type shares, and the C type shares are traded on the ISE. Based on the Company's Articles of Association, the Board of Directors comprises five to nine members elected by the General Assembly from the Company's shareholders or from outside the Company personnel, in accordance with the provisions of the Turkish Commercial Code and the CMB Regulation. In the event the Board of Directors comprises of five members, three are elected from among candidates nominated by shareholders bearing A type shares, one from those nominated by shareholders bearing B type shares and one from those nominated by shareholders bearing C type shares. In the event the Board of Directors comprises of seven members, four are elected from among candidates nominated by shareholders bearing A type shares, two from those nominated by shareholders bearing B type shares, and one from those nominated by shareholders bearing C type shares. In the event the Board of Directors comprises of nine members, five are elected from among the candidates nominated by shareholders bearing A type shares, three from those nominated by shareholders bearing B type shares, and one from those nominated by shareholders bearing C type shares. Executive director can be appointed by Board of Directors in case of their decision. Moreover, the chairman of the board and the executive director are selected among shareholders of A type shares.

Board of Directors has authority to classify new shares as registered or bearer separately in accordance with the CMB regulations. Companies can increase their share capital by way of bonus issue to existing shareholders in proportion of their shareholding rates.

Retained earnings, as per the statutory financial statements, are available for distribution, subject to the legal reserve requirement referred to below:

The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the Company's share capital. The second legal reserve is appropriated at the rate of 10% all distributions in excess of 5% of the Company's share capital. Under TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid in share capital.

In accordance with the related announcements of CMB "Share capital", "Restricted Reserves" and "Share Premium" shall be carried at their statutory amounts. The valuation differences (like inflation adjustments) shall be classified as follows:

- the difference arising from the "Paid-in Capital" and not been transferred to capital yet, shall be classified under the "Adjustment to Share Capital",
- the difference due to the inflation adjustment of "Restricted Reserves" and "Share Premium" and the amount has not been utilised in dividend distribution or capital increase yet, shall be classified under "Retained earnings". Other equity items shall be carried at the amounts in accordance with the CMB Financial Reporting Standards.

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NOTE 19 - SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

There is no use of capital correction differences other than being added to capital.

There is no use of capital correction differences other than being added to capital. Companies distribute dividends in accordance with their dividend payment policies numbered II-19.1 settled by CMB on 1 February 2014 and dividend payment decision taken in general assembly and also in conformity with relevant legislations.

The communiqué does not constitute a minimum dividend rate. Companies distribute dividend in accordance with the method defined in their dividend policy or articles of associations. In addition, dividend can be distributed by fixed or variable instalments and advance dividend can be paid in accordance with profit on financial statements of the company.

Within the framework of Articles of Association, after the loss from the previous year (if any) is deducted from the net profit for the period, the legal reserve and first dividend are set aside from the balance within the framework of the Capital Markets Regulation. Later, an amount up to 3% of the remaining amount can be allocated for facilities established in the company as per Article 522 of the Turkish Commercial Code, within the framework of the General Assembly decision. An amount up to 5% can be allocated to members of a board of directors as an allocation provision, based on the parameters the board of directors sets and thinks necessary. An amount up to 5% can be allocated for social aid, premiums (profits), bonuses, etc. as per board of directors decisions.

Unless the general reserves that has to be appropriated in accordance with TCC or the dividend to shareholders as determined in the articles of association or dividend policy are set aside; no decision can be taken to set aside other reserves, to transfer reserves to the subsequent year or to distribute dividends to holders of usufruct right certificates, to board of directors members or to employees; and no dividend can be distributed to those unless the determined dividend to shareholders is paid in cash. For the listed companies, dividend distribution is made evenly to all existing shares as of the date of dividend distribution without considering the date of issuance and acquisition of the shares.

Based on the decision of General Assembly meeting on 29 March 2023, the Company has decided to distribute TL 197.832.568 of the distributable net profit for the year 2022 as dividend and payments to boards. In context of this dividend distribution decision, the Company separated TL19.558.502 as "Restricted Reserves".

Additional Information Regarding Capital, Reserves and Other Equity Items

The Company's relevant equity items presented in its financial statements as adjusted for inflation as of 31 December 2023 are compared with the inflation-adjusted amounts in its financial statements prepared in accordance with Law No. 6762 and other legislation as follows:

	Inflation-adjusted amounts included in the financial statements prepared in accordance with Law No. 6762 and other legislation	Inflation-adjusted amounts in financial statements prepared in accordance with TAS/IFRS	Difference observed in previous year profits
31 December 2023			
Capital Adjustment Differences	971.923.931	958.754.210	13.169.721
Premiums Related to Shares	-	-	-
Restricted Reserves Allocated from Profits	1.266.144.337	645.096.101	621.048.236
	2.238.068.268	1.603.850.311	634.217.957

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NOTE 20 – REVENUE AND COST OF SALES

	1 January - 31 December 2023	1 January - 31 December 2022
Domestic sales	12.937.080.227	12.761.121.771
Export sales	1.119.947.869	1.503.912.050
Sales of commercial goods	1.122.586	509.927
Service sales	1.098.503	-
Gross Sales	14.059.249.185	14.265.543.749
Less: Discounts	(3.052.862.628)	(3.001.123.546)
Returns	(144.056.713)	(187.443.196)
Net Sales	10.862.329.843	11.076.977.007
Cost of merchandise goods sold	(10.327.269.793)	(10.199.835.990)
Cost of goods sold	(705.375)	(454.321)
Cost of Sales	(10.327.975.168)	(10.200.290.311)
Gross Profit	534.354.675	876.686.696

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NOTE 21 - GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

	1 January - 31 December 2023	1 January - 31 December 2022
a) Marketing expenses:		
Advertisement	192.712.903	194.049.268
Transportation	75.062.845	42.917.845
Staff costs	74.729.131	55.513.173
Consulting	57.443.966	59.614.373
Outsourced services	51.285.651	39.426.817
Depreciation and amortization	49.427.580	40.785.084
Rent	23.967.242	17.269.771
Maintenance and repair	20.446.958	29.420.090
Export commission	28.996.458	49.361.834
Other	17.412.063	54.549.039
	591.484.797	582.907.294
b) General administrative expenses:		
Staff costs	82.013.403	64.445.649
Consultancy and advisory fees	67.472.062	43.052.018
Outsourced services	55.675.809	46.580.250
Termination benefits	18.908.933	22.467.099
Depreciation and amortization	32.804.616	23.586.221
Taxes (Corporate tax excluded)	11.735.982	9.650.829
Repair and maintenance	10.031.668	8.468.619
Energy	6.655.805	10.222.838
Other	3.623.964	7.654.682
	288.922.242	236.128.205
c) Research and development expenses:		
Staff costs	35.891.359	25.968.342
Repair and maintenance	22.527.595	22.874.936
Depreciation and amortization	9.798.812	7.460.137
Other	6.415.801	7.496.392
	74.633.567	63.799.807

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NOTE 22 - OTHER INCOME/EXPENSES FROM OPERATING ACTIVITIES

	1 January - 31 December 2023	1 January - 31 December 2022
a) Other income from operating activities:		
Foreign exchange gain	352.562.405	365.451.734
Interest Income	34.633.370	18.131
Rent Income	16.609.276	8.262.926
Scrap sales income	6.117.083	9.541.655
Other	13.975.834	6.068.996
	423.897.969	389.343.443
b) Other expense from operating activities:		
Foreign exchange loss	(59.104.609)	(141.445.574)
Interest expense	(55.925.542)	(66.262.935)
Donations and aids	(9.278.555)	(1.105.342)
Other	(44.746.629)	(22.551.338)
	(169.055.335)	(231.365.188)

NOTE 23 - INCOME/ EXPENSES FROM INVESTING ACTIVITIES

	1 January - 31 December 2023	1 January - 31 December 2022
a) Income from investing activities:		
Dividend income (*)	23.802.067	12.138.595
Income from sales of property, plant and equipment	12.487.322	133.556
	36.289.389	12.272.152
(*) Note 5.ii.d.		
b) Expense from investing activities:		
Loss from sales of property, plant and equipment	(5.445.490)	(8.485.219)
Loss from sale of securities	-	(1.804.860)
	(5.445.490)	(10.290.079)

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NOTE 24 - FINANCIAL INCOME/EXPENSES

	1 January - 31 December 2023	1 January - 31 December 2022
a) Financial income:		
Interest income	293.418.353	104.604.465
Foreign exchange gain	6.510.287	5.345.740
	299.928.640	109.950.205
b) Financial expenses:		
Interest expense	(700.798.102)	(336.018.784)
Bank commission expenses	(49.522.681)	(17.152.002)
Seniority interest cost	(48.518.073)	(28.371.234)
Foreign exchange loss	(17.335.424)	(12.996.496)
Bail expense	(25.957)	(44.225)
Exchange difference expense arising from derivative transactions	-	(288.971)
	(816.200.236)	(394.871.712)

NOTE 25 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

Corporate tax

Corporations are required to pay advance corporation tax quarterly at the rate of 20% (2022: 23%) on their corporate income. Advance tax is declared by 17th and payable by the 17th (2022: 17th) of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. If, despite offsetting, there remains an amount for advance tax amount paid, it may be refunded or offset against other liabilities to the government.

In Turkey, the general corporate tax rate applied to the legal tax base, which is calculated by adding non-deductible expenses and deducting exemptions in accordance with tax laws to the commercial income of corporations. According to the Article 21 of the "Law on the Amendment of Certain Laws and the Decree Law No. 375 on the Amendment of Certain Laws and the Decree Law No. 375 on Additional Motor Vehicles Tax for the Compensation of the Economic Losses Caused by the Earthquakes Occurring on 6/2/2023" published in the Official Gazette dated 15 July 2023 and numbered 32249. with the amendments made in Article 32 of the Corporate Tax Law No. 5520 regulating the corporate tax rate, the general corporate tax rate will be applied as 25%.

Within the scope of this change, the tax rate used in deferred tax calculation as of 31 December 2023 is 25%. (31 December 2022: 20%). Within the scope of Article 298 of the Tax Procedure Law, the necessary conditions for inflation correction of financial statements have been met as of 31 December 2021. However, in accordance with the "Law on Amendments to the Tax Procedure Law and the Corporate Tax Law" numbered 7352, published in the Official Gazette numbered 31734 dated 29 January 2022, and the provisional article

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NOTE 25 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)
(Continued)

Corporate tax (Continued)

33 of the Tax Procedure Law numbered 213:

- Duplicate financial statements will not be subject to inflation adjustment in the 2021 and 2022 accounting periods and the 2023 accounting period provisional tax periods, regardless of whether the conditions for inflation adjustment within the scope of Article 298, including provisional tax periods, are met.

- Financial statements dated 31 December 2023 will be subject to inflation correction in a way that will not affect the corporate tax base,

has been ruled.

In accordance with the Tax Procedural Law General Communiqué No. 555 published in the Official Gazette No. 32415 dated 31 December 2023 and the 298th bis article of the Tax Procedure Law No. 213, it is essential that the financial statements of companies operating in Turkey for the 2023 accounting period be subject to hyperinflation correction. These inflation-adjusted financial statements will constitute an opening balance sheet basis in the tax returns to be prepared as of 1 January 2024, and inflation effects will not be considered in the corporate tax calculation for 2023.

According to the temporary article 33 of the Tax Procedure Law, the tax effects arising from the inflation adjustment of the financial statements dated 31 December 2023 are included in the deferred tax calculation as of 31 December 2023.

According to the Corporate Tax Law, financial losses shown on the declaration can be deducted from the corporate tax base of the period for a period not exceeding 5 years. Declarations and relevant accounting records can be examined by the tax office within five years and tax accounts can be revised.

Dividend payments made from joint stock companies resident in Turkey to those other than those who are not liable for corporate tax and income tax and those who are exempt, and to natural persons who are resident and non-resident of Turkey and legal entities who are not resident in Turkey are subject to 10% income tax.

Dividend payments made from joint stock companies resident in Turkey to joint stock companies resident in Turkey are not subject to income tax. Additionally, if the profit is not distributed or added to the capital, income tax is not calculated.

Dividend earnings obtained by institutions from participating in the capital of another institution subject to full liability are exempt from corporate tax. In addition, 75% of the profits arising from the sale of the participation shares that have been in the assets of the institutions for at least two full years, as well as the founding shares, usufruct shares and priority rights of the real estate (immovable properties) they have owned for the same period, are exempt from corporate tax. However, with the amendment made by Law No. 7061, this rate was reduced from 75% to 50% for real estate, and this rate is used as 50% in tax returns to be prepared as of 2018. Additionally, with the amendment, as of July 15, 2023; The 50% tax exemption foreseen for real estate sales profits in Law No. 5520 has been abolished. However, this exception will be applied as 25% on the sales of real estate in the assets of businesses before 15 July 2023.

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NOTE 25 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Continued)

In order to benefit from the exemption, the relevant income should be kept under a fund account in liabilities and should not be withdrawn from the enterprise for 5 years. The sales amount should be collected by the end of the second calendar year following the year of sale.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within four months following the close of the accounting year to which they relate. Authorities authorized for tax inspection may examine tax returns and the accounting records underlying them during the five years following the accounting period and make re-assessments as a result of their findings.

There is a withholding tax liability on dividend distributions and this withholding tax liability is declared in the period in which the dividend is paid in cash or on account. Dividend payments are subject to a 15% withholding tax until 22 December 2021, except for non-resident companies that generate income through a workplace or their permanent representative in Turkey, and those made to companies residing in Turkey. However, in accordance with the Presidential Decision No. 4936, published in the Official Gazette dated 22 December 2021 and numbered 31697, the withholding tax rate of 15% has been reduced to 10%.

In the application of withholding tax rates for profit distributions to non-resident companies and real persons, the withholding tax rates in the relevant Double Taxation Prevention Agreements are also taken into account. The addition of retained earnings to the capital is not considered a profit distribution, therefore it is not subject to withholding tax.

Transfer pricing regulations

In Turkey, transfer pricing regulations are specified in Article 13 of the Corporate Tax Law, titled "Disguised profit distribution through transfer pricing". The communiqué dated 18 November 2007 on disguised profit distribution through transfer pricing regulates the details of the implementation.

If the taxpayer buys or sells goods or services with related parties at the price they have determined in violation of the arm's length principle, the profit is deemed to have been distributed implicitly through transfer pricing in whole or in part. Disguised profit distribution through such transfer pricing is considered a non-deductible expense for corporate tax.

As of 31 December 2023 and 2022, corporation taxes currently payable are as follows:

	31 December 2023	31 December 2022
Corporation taxes currently payable	-	21.955.735
Less: Prepaid corporate tax	(1.245.579)	(53.255.448)
Current income tax liabilities		
(Assets related to current period tax)	(1.245.579)	(31.299.713)

Tax expenses included in the comprehensive income statements for the accounting periods of 1 January - 31 December 2023 and 2022 are summarized below:

	31 December 2023	31 December 2022
Current corporate tax expense	-	(21.955.735)
Deferred tax income	218.954.340	138.090.619
Total tax expense	218.954.340	116.134.885

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NOTE 25 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Continued)

The reconciliation of tax expense is as follows:

		1 January - 31 December 2023		1 January - 31 December 2022
Profit before tax	Rate	65.793.293	Rate	314.341.792
Tax calculated at tax rates applicable to the profit	25%	(16.448.323)	(23%)	(72.298.612)
Expenses not deductible for tax purposes	31%	(20.611.258)	4%	(12.040.714)
Income to be deducted	(40%)	26.355.924	(12%)	38.780.678
Financial loss on which no deferred tax asset is calculated	(24%)	15.903.055	-	-
Deferred tax asset calculated on investment incentive	(28%)	18.185.710	(31%)	95.918.085
Inflation and other effects	(297%)	195.569.233	(21%)	65.775.448
Total taxation on income		218.954.340		116.134.884

As of 31 December 2023 and 2022 the breakdown of calculations of accumulated temporary differences and deferred tax assets and liabilities, using the tax rates in effect as of the balance sheet dates, is as follows:

	31 December 2023		31 December 2022	
	Cumulative temporary differences	Deferred income tax assets/ (liabilities)	Cumulative temporary differences	Deferred income tax assets / (liabilities)
Differences between the carrying values of tangible fixed assets before revaluation and their tax bases	3.943.520.771	(635.740.448)	4.792.120.538	(745.933.913)
Deferred tax calculated on assets whose fair value difference is recorded in other comprehensive income	198.871.226	(12.429.452)	786.552.166	(39.304.602)
Investment discounts (*)	265.611.196	132.271.387	437.655.320	131.251.935
Provision for employment termination benefits	(141.205.557)	33.543.315	(232.668.518)	47.356.608
Other	(23.361.008)	5.840.252	(99.335.652)	19.259.027
Deferred tax liabilities – net		(476.514.946)		(587.370.945)

(*) The Company has investment incentive certificate relating with modernization investment at Şanlıurfa, Eskişehir and İzmir facilities. As of 31 December 2023, based on the best estimate of the Company management, it is highly probable to utilize the deferred income tax asset upon investment incentive, amounted to TL 265.611.196 (2022: TL 437.655.320).

Movements in deferred income tax liabilities can be analysed as follows:

	2023	2022
1 January	(587.370.945)	(535.772.687)
Credited to statement of comprehensive income	218.309.236	138.735.723
Charged to actuarial gain/ loss arising from defined benefit plans	6.221.873	25.930.224
Assets recorded in other comprehensive income with a fair value difference given to the fair value fund	(19.032.174)	(18.752.274)
Calculated on revaluation fund	(94.642.936)	(197.511.931)
31 December	(476.514.945)	(587.370.945)

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NOTE 26 - EARNINGS PER SHARE

		1 January - 31 December 2023	1 January - 31 December 2022
Profit for the year	A	284.747.633	430.476.676
Weighted average number of shares with a Kr 1 face value (Note 19)	B	4.495.105.125	4.495.105.125
Earnings per share with a Kr1 face value	A/B	6,3346	9,5766

There are no differences between basic and diluted earnings per share. Since the General Assembly Meeting of the year 2023 has not been performed yet, dividend distribution decision has not been taken.

NOTE 27 - FINANCIAL INSTRUMENTS

Financial assets carried at fair value through other comprehensive income:

		31 December 2023	31 December 2022
Fair value difference assets recorded in other comprehensive income		547.348.928	851.863.707
		547.348.928	851.863.707

	<u>31 December 2023</u>		<u>31 December 2022</u>	
	TL	(%)	TL	(%)
Pınar Et	348.083.461	12,58	658.435.954	12,58
Pınar Su	102.768.144	8,77	106.039.308	8,77
Çamlı Yem	81.956.351	5,47	67.508.990	5,47
YDT	13.790.761	0,93	19.267.315	0,93
Bintur	364.381	1,33	400.315	1,33
Other	385.829	-	211.825	-
	547.348.928		851.863.707	

Pınar Et and Pınar Su are stated at quoted market prices as they are listed on İstanbul Stock Exchange; YDT, Bintur and Çamlı Yem are stated at their fair values which are determined based on the discounted cash flows as of 31 December 2023 by using the market interest rates and the risk premium specific to unlisted companies within the related sectors.

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NOTE 27 - FINANCIAL INSTRUMENTS (Continued)

The discount and growth rates used in discounted cash flow models as at 31 December 2023 and 2022 are as follows:

	Discount Rate (%)		Growth Rate (%)	
	2023	2022	2023	2022
Bintur	33,19	39,18	1	1
YDT	32,00	38,03	1	1
Çamlı Yem	29,95	36,05	4	4

The movements of financial assets carried at fair value through other comprehensive income were as follows:

	2023	2022
1 January	851.863.707	476.818.232
Participation in capital increase of assets at fair value through other comprehensive income:		
Çamlı Yem	741.926	1.132.788
Other	257.271	213.034
Fair value change:		
Pınar Et	(310.352.493)	322.660.588
Pınar Su	(3.271.164)	39.645.387
YDT	(5.476.553)	8.370.950
Çamlı Yem	13.705.435	2.967.389
Bintur	(35.933)	55.339
Other	(83.269)	-
31 December	547.348.927	851.863.707

The movements of financial assets carried at fair value through other comprehensive income were as follows:

1 January	356.293.201	-
Fair value gain/loss	(264.927.859)	375.045.475
Deferred income tax on fair value reserve of financial assets carried at fair value through other comprehensive income (Note 25)	(19.032.174)	(18.752.274)
31 December	72.333.168	356.293.201

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NOTE 28 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow, and fair value interest rate risk), capital risk, credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets.

Risk management is carried out by the senior management and finance department of the Company under policies approved by Board of Directors. The Board of Directors provides principles for overall risk management as well as policies covering specific areas, such as foreign exchange risk, interest rate risk and capital risk and closely monitors financial and operational risks (fluctuations in raw material prices, especially raw milk).

The financial risk management objectives of the Company are defined as follows:

- Safeguarding the Company's core earnings stream from its major assets through the effective control and management of foreign exchange risk and interest rate risk,
- Effective and efficient usage of credit facilities in both the short and long term through the adoption of reliable liquidity management planning and procedures,
- Effective monitoring and minimizing risks sourced from counterparts.

a) Credit risk:

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements and in turn credit risks arises from cash and cash equivalents, deposits in banks and financial intuitions, as well as credit exposures to customers, including outstanding receivables and committed transactions. Majority of the Company's sales in domestic market are made to its investments in associate, YBP, and its exports are made to YDT which are both Yaşar Group Companies. In line with past experiences and current condition trade receivables are monitored by the Company Management and necessary provisions for impairment is recognized. The Company management believes that credit risk arises from receivables is well managed. The Company management believes that there is no risk for non-trade receivables from related parties since they are mainly comprised of receivables from shareholders. The credit risk analysis of the Company as of 31 December 2023 and 2022 are as follows:

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NOTE 28 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

31 December 2023

31 December 2023

	Receivables				
	Trade Receivables (1)		Other Receivables		
	Third Parties	Third Parties	Third Parties	Third Parties	Bank Deposits
Maximum amount of credit risk exposed as of reporting date (A+B+C+D+E) (2)	2.131.912.231	14.152.661	937.824.414	128.985.987	15.023.550
- The part of maximum credit risk covered with guarantees	-	-	-	-	-
A. Net book value of financial assets not due or not impaired	1.379.217.439	13.373.944	937.824.414	128.985.987	15.023.550
B. Net book value of financial assets whose conditions are renegotiated, otherwise will be classified as past due or impaired (3)	-	-	-	-	-
C. Net book value of assets past due but not impaired (4)	752.694.792	778.717	-	-	-
- The part covered by guarantees	-	-	-	-	-
D. Net book value of assets impaired	-	-	-	-	-
- Past due amount (gross book value)	-	566.461	-	-	-
- Impairment amount (-)	-	(566.461)	-	-	-
- Collateral held as security and guarantees received	-	-	-	-	-
- Due amount (gross book value)	-	-	-	-	-
- Impairment amount (-)	-	-	-	-	-
- Collateral held as security and guarantees received	-	-	-	-	-
E. Off-balance items exposed to credit risk	-	-	-	-	-

(1) Notes 5 and 6.

(2) Unearned credit finance income and secured portions of due and overdue receivables are taken into consideration while determining aforementioned amounts.

(3) Considering the past experiences, the Company management believes that no additional credit risk for the collection of these receivables.

(4) Considering the past experiences and collections subsequent to the balance sheet date, the Company management does not foresee any collection problem for the overdue receivables (Notes 5 and 6).

PINAR SÜT MAMÜLLERİ SANAYİİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2023

(Amounts are expressed in Turkish Lira ("TL") with purchasing power as of 31 December 2023, unless otherwise stated.)

NOTE 28 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

31 December 2022

31 December 2022

	Receivables				
	Trade Receivables (1)		Other Receivables		
	Third Parties	Third Parties	Third Parties	Third Parties	Bank Deposits
Maximum amount of credit risk exposed as of reporting date (A+B+C+D+E) (2)	2.151.488.985	9.416.420	1.056.938.488	64.653.993	36.527.838
- The part of maximum credit risk covered with guarantees	-	-	-	-	-
A. Net book value of financial assets not due or not impaired	1.684.955.966	8.482.637	1.056.938.488	64.653.993	36.527.838
B. Net book value of financial assets whose conditions are renegotiated, otherwise will be classified as past due or impaired (3)	-	-	-	-	-
C. Net book value of assets past due but not impaired (4)	466.533.019	933.783	-	-	-
- The part covered by guarantees	-	-	-	-	-
D. Net book value of assets impaired	-	-	-	-	-
- Past due amount (gross book value)	-	933.374	-	-	-
- Impairment amount (-)	-	(933.374)	-	-	-
- Collateral held as security and guarantees received	-	-	-	-	-
- Due amount (gross book value)	-	-	-	-	-
- Impairment amount (-)	-	-	-	-	-
- Collateral held as security and guarantees received	-	-	-	-	-
E. Off-balance items exposed to credit risk	-	-	-	-	-

(1) Notes 5 and 6.

(2) Unearned credit finance income and secured portions of due and overdue receivables are taken into consideration while determining aforementioned amounts.

(3) Considering the past experiences, the Company management believes that no additional credit risk for the collection of these receivables.

(4) Considering the past experiences and collections subsequent to the balance sheet date, the Company management does not foresee any collection problem for the overdue receivables (Notes 5 and 6).

PINAR SÜT MAMÜLLERİ SANAYİİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2023

(Amounts are expressed in Turkish Lira ("TL") with purchasing power as of 31 December 2023, unless otherwise stated.)

NOTE 28 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

31 December 2023	Receivables		
	Related Parties	Third Parties	Total
Past due 1 - 30 days	123.737.052	502.616	124.239.668
Past due 1 - 3 months	46.113.883	234.230	46.348.113
Past due 3 - 12 months	582.843.858	41.871	582.885.729
<i>The part of credit risk covered with guarantees</i>	-	-	-
	752.694.794	778.716	753.473.510

31 December 2022	Receivables		
	Related Parties	Third Parties	Total
Past due 1 - 30 days	44.588.687	755.039	45.343.726
Past due 1 - 3 months	62.257.262	10.587	62.267.849
Past due 3 - 12 months	359.687.070	168.157	359.855.227
<i>The part of credit risk covered with guarantees</i>	-	-	-
	466.533.019	933.783	467.466.802

b) Liquidity risk:

Prudent liquidity risk management comprises maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The ability to fund the existing and prospective debt requirements is managed by maintaining the availability of fund providers lines from high quality lenders. In order to maintain liquidity, the Company management closely monitors the timely collection of trade receivables, takes actions to minimize the effect of delay in collections and arranges cash and non-cash credit lines from financial institutions in case of requirement.

PINAR SÜT MAMÜLLERİ SANAYİİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2023

(Amounts are expressed in Turkish Lira ("TL") with purchasing power as of 31 December 2023, unless otherwise stated.)

NOTE 28 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

	31 December 2023				
	Carrying Value	Total cash Outflows per agreements (=I+II+III)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)
Contractual maturity dates			-		-
Financial Liabilities					
Financial Liabilities	2.716.148.272	3.049.576.860	1.544.320.517	1.478.623.389	26.632.954
Trade Payables	1.819.427.482	1.819.427.482	1.676.855.061	142.572.421	-
Other Payables	28.895.140	28.895.140	28.895.140	-	-
	4.564.470.894	4.897.899.482	3.250.070.718	1.621.195.810	26.632.954

	31 December 2022				
	Carrying Value	Total cash Outflows per agreements (=I+II+III)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)
Contractual maturity dates			-		-
Financial Liabilities					
Financial Liabilities	2.247.628.597	2.247.628.597	692.046.258	1.503.731.394	51.850.945
Trade Payables	2.027.808.335	2.027.808.335	2.027.808.335	-	-
Other Payables	23.112.294	23.112.294	23.112.294	-	-
	2.050.920.629	4.298.549.226	2.742.966.887	1.503.731.394	51.850.945

c) Market risk:

i) Foreign exchange risk

The Company is exposed to foreign exchange risks through the impact of rate changes on translation into TL of foreign currency denominated assets and liabilities. The Company minimizes the risk through balancing foreign currency denominated assets and liabilities. These risks are monitored by analyses of the foreign currency position. Current risks are discussed by the Audit Committee and the Board of Directors regularly and the foreign exchange rates relevant to the foreign currency position of the Company are mentioned.

PINAR SÜT MAMÜLLERİ SANAYİİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2023

(Amounts are expressed in Turkish Lira ("TL") with purchasing power as of 31 December 2023, unless otherwise stated.)

NOTE 28 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

c) Market risk (Continued):

i) Foreign exchange risk (Continued)

	Foreign Currency Position							
	31 December 2023				31 December 2022			
	TL Equilavalent	USD	Euro	Other (TL Equilavalent)	TL	USD	Euro	Other (TL Equilavalent)
1. Trade Receivables	886.942.100	30.012.054	105.645	-	656.010.189	21.252.575	37.263	-
2a. Monetary Financial Assets (Cash. Bank account)	823.940	27.989	-	-	-	-	-	-
2b. Non-monetary Financial Assets	-	-	-	-	-	-	-	-
3. Other	-	-	-	-	-	-	-	-
4. Current Assets (1+2+3)	887.766.040	30.040.042	105.645	-	656.010.189	21.252.575	37.263	-
5. Trade Receivables	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	-	-	-	-
8. Non-Current Assets (5+6+7)	-	-	-	-	-	-	-	-
9. Total Assets (4+8)	887.766.040	30.040.042	105.645	-	656.010.189	21.252.575	37.263	-
10. Trade Payables	24.238.032	171.961	587.348	-	46.943.966	722.111	749.270	-
11. Financial Liabilities	113.534.187	3.175.000	609.798	-	21.292.858	-	647.072	-
12a. Monetary Other Liabilities	-	-	-	-	-	-	-	-
12b. Non-monetary Other Liabilities	-	-	-	-	-	-	-	-
13. Short-Term Liabilities 10+11+12	137.772.219	3.346.961	1.197.146	-	68.236.824	722.111	1.396.342	-
14. Trade Payables	-	-	-	-	-	-	-	-
15. Financial Liabilities	-	-	-	-	-	-	609.798	-
16a. Monetary Other Liabilities	-	-	-	-	-	-	-	-
16b. Non-monetary Other Liabilities	-	-	-	-	-	-	-	-
17. Long-Term Liabilities 14+15+16	-	-	-	-	-	-	609.798	-
18. Total Liabilities 13+17	137.772.219	3.346.961	1.197.146	-	68.236.824	722.111	2.006.140	-
19. Net Foreign Currency Asset/(Liability) Position of Derivative Instruments (19a-19b)	-	-	-	-	-	-	-	-
19a. Amount of Hedged Asset	-	-	-	-	-	-	-	-
19b. Amount of Hedged Liability	-	-	-	-	-	-	-	-
20. Net Foreign Currency Asset/(Liability) Position (9-18+19)	749.993.821	26.693.081	(1.091.501)	-	587.773.365	20.530.464	(1.968.877)	-
21. Net Foreign Currency Asset/(Liability) Position of Monetary Items (TFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	749.993.821	26.693.081	(1.091.501)	-	587.773.365	20.530.464	(1.968.877)	-
22. Total Fair Value of Financial Instruments Used for Foreign Currency Hedging	-	-	-	-	-	-	-	-
23. Hedged amount for Foreign Currency Assets	-	-	-	-	-	-	-	-
24. Hedged amount for Foreign Currency Liability	-	-	-	-	-	-	-	-
25. Export	890.118.770	32.353.792	1.240.173	64.143.791	1.503.912.050	43.877.822	1.027.892	36.454.615
26. Import	101.574.172	-	3.635.093	-	95.069.626	-	2.724.734	-

PINAR SÜT MAMÜLLERİ SANAYİİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2023

(Amounts are expressed in Turkish Lira ("TL") with purchasing power as of 31 December 2023, unless otherwise stated.)

NOTE 28 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

c) Market risk (Continued):

i) Foreign exchange risk (Continued)

31 December 2023

	Sensitivity Analysis for Foreign Currency Risk			
	Profit/(Loss)		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Yabancı paranın foreign currency	Yabancı paranın foreign currency
Change of USD by 10% against TL:				
1- Asset/Liability denominated in USD – net	78.561.853	(78.561.853)	78.561.853	(78.561.853)
2- The part hedged for USD risk (-)	-	-	-	-
3- USD Effect - net (1+2)	78.561.853	(78.561.853)	78.561.853	(78.561.853)
Change of EUR by 10% against TL:				
4- Asset/Liability denominated in EUR – net	(3.562.472)	3.562.472	(3.562.472)	3.562.472
5- The part hedged for EUR risk (-)	-	-	-	-
6- EUR Effect - net (4+5)	(3.562.472)	3.562.472	(3.562.472)	3.562.472
Change of Other Currencies by average 10% against TL				
7- Assets/Liabilities denominated in other foreign currencies – net	-	-	-	-
8- The part hedged for other foreign currency risk (-)	-	-	-	-
9- Other Foreign Currency Effect - net (7+8)	-	-	-	-
TOTAL (3+6+9)	74.999.381	(74.999.381)	74.999.381	(74.999.381)

PINAR SÜT MAMÜLLERİ SANAYİİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2023

(Amounts are expressed in Turkish Lira ("TL") with purchasing power as of 31 December 2023, unless otherwise stated.)

NOTE 28 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

c) Market risk (Continued):

i) Foreign exchange risk (Continued)

31 December 2022

	Sensitivity Analysis for Foreign Currency Risk			
	Profit/(Loss)		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Yabancı paranın foreign currency	Yabancı paranın foreign currency
Change of USD by 10% against TL:				
1- Asset/Liability denominated in USD – net	60.437.991	(60.437.991)	60.437.991	(60.437.991)
2- The part hedged for USD risk (-)	-	-	-	-
3- USD Effect - net (1+2)	60.437.991	(60.437.991)	60.437.991	(60.437.991)
Change of EUR by 10% against TL:				
4- Asset/Liability denominated in EUR – net	(4.435.028)	4.435.028	(4.435.028)	4.435.028
5- The part hedged for EUR risk (-)	-	-	-	-
6- EUR Effect - net (4+5)	(4.435.028)	4.435.028	(4.435.028)	4.435.028
Change of Other Currencies by average 10% against TL				
7- Assets/Liabilities denominated in other foreign currencies – net	-	-	-	-
8- The part hedged for other foreign currency risk (-)	-	-	-	-
9- Other Foreign Currency Effect - net (7+8)	-	-	-	-
TOTAL (3+6+9)	56.002.963	(56.002.963)	56.002.963	(56.002.963)

PINAR SÜT MAMÜLLERİ SANAYİİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2023

(Amounts are expressed in Turkish Lira ("TL") with purchasing power as of 31 December 2023, unless otherwise stated.)

NOTE 28 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

c) Market risk (Continued):

ii) Interest rate risk

The Company is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities.

	<u>Interest Rate Position Schedule</u>	
	31 December 2023	31 December 2022
<u>Financial instruments with fixed interest rate</u>		
Financial assets	3.227.898.843	3.319.025.724
Financial liabilities	3.552.638.250	3.651.532.494
<u>Financial instruments with floating interest rate</u>		
Financial liabilities	1.090.186.858	692.262.346

According to the interest sensitivity analysis carried out by the company, as of 31 December 2023, if there was a 1% increase in interest rates and all other variables remained constant, the net profit for the period was TL 8.307.479 less (31 December 2022: TL 4.201.311).

iii) Price risk

The profitability of the Company's operations and the cash flows generated by those operations are affected by changes in the raw material prices and market competition that are closely monitored by the Company management and precautions for cost efficiency are taken. The Company does not anticipate that prices of raw milk and other raw materials will change significantly in the foreseeable future and, therefore, has not entered into derivative or other contracts to manage the risk of a decline or increase in the prices of raw milk and other stocks and raw materials.

The current risks are properly monitored by Board of Directors and Audit Committee regularly in considering the need for active financial risk management.

d) Capital risk management:

The Company's objectives when managing capital to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

PINAR SÜT MAMÜLLERİ SANAYİİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2023

(Amounts are expressed in Turkish Lira ("TL") with purchasing power as of 31 December 2023, unless otherwise stated.)

NOTE 28 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as the total liability (including borrowings, trade payables, due to related parties and other payables, as shown in the balance sheet) less cash and cash equivalents

	31 December 2023	31 December 2022
Financial liabilities	2.794.502.487	2.292.874.214
Other payables to related parties	6.226.338	282.317
Less: Other receivables from related parties (Note 5)	(937.639.189)	(1.053.845.248)
Less: Cash and cash equivalents (Note 4)	(15.023.550)	(36.527.838)
Net debt	1.848.066.086	1.202.783.900
Total equity	6.702.143.432	7.342.086.613
Net debt/equity ratio	28%	16%

The Company management regularly monitors the debt/equity ratio and updates when necessary.

NOTE 29 - FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK MANAGEMENT DISCLOSURES)

Classification of financial assets

The Company classified financial assets and liabilities as available-for-sale investments, borrowings and receivables. Cash and cash equivalents (Note 4), trade receivables (Notes 5 and 6) and other receivables (Note 5) of the Company are categorized as loans and receivables; and measured at amortized cost using effective interest method. Available-for-sale investments of the Company are disclosed in Note 27. Financial liabilities, other financial liabilities (Note 13), trade payables (Note 6) and other payables (Note 5) are categorized as financial liabilities measured at amortized costs using effective interest method.

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current market exchange.

The following methods and assumptions were used to estimate the fair value of the financial instruments:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2023

(Amounts are expressed in Turkish Lira ("TL") with purchasing power as of 31 December 2023, unless otherwise stated.)

NOTE 29 - FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK MANAGEMENT DISCLOSURES) (Continued)

Financial assets

The fair value of the foreign currency denominated amounts, which are translated by using the exchange rates prevailing at period-end, is considered to approximate their fair value. The fair values of certain financial assets carried at costs, including cash and due from banks, receivables and other financial assets are considered to approximate their respective carrying values due to their short-term nature. Available-for-sale investments are carried at their fair values. The fair values of available-for-sale investments which do not have quoted market prices in active markets, are determined by using general accepted valuation techniques or stated at cost, less a provision for impairment, if any, by assuming the carrying values do not differ materially from their fair values.

Financial liabilities

Fair values of bank borrowings are disclosed in Note 13.

Trade payables, payables to related parties and other monetary liabilities are estimated to be presented with their discounted carrying amounts and they are considered to approximate to their fair values and the fair values of balances denominated in foreign currencies, which are translated at year-end Exchange rates, are considered to approximate carrying values.

The table below analyses financial instruments except for the certain available for sale investments which are measured at cost less impairment, if any, as their fair values cannot be reliably estimated using generally accepted valuation techniques, carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2023 and 2022.

PINAR SÜT MAMÜLLERİ SANAYİİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2023

(Amounts are expressed in Turkish Lira ("TL") with purchasing power as of 31 December 2023, unless otherwise stated.)

NOTE 29 - FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK MANAGEMENT DISCLOSURES) (Continued)

31 December 2023

	Level 1	Level 2	Level 3	Total
Assets:				
Financial investments	450.851.606	-	96.497.323	547.348.928
Total assets	450.851.606	-	96.497.323	547.348.928

31 December 2022

	Level 1	Level 2	Level 3	Total
Assets:				
Financial investments	764.475.262	-	87.388.445	851.863.707
Total assets	764.475.262	-	87.388.445	851.863.707

As of 31 December 2023 and 2022, there is no transfer between the Levels 1 and 3.

The following table presents the Company's non-financial assets that are measured fair value at 31 December 2023 and 2022:

31 December 2023	Level 1	Level 2	Level 3	Total
<i>Tangible Assets:</i>				
Land	-	2.169.310.452	-	2.169.310.452
Buildings and land improvements	-	1.039.281.591	-	1.039.281.591
Machinery and equipment	-	2.339.771.785	-	2.339.771.785
Total assets	-	5.548.363.828	-	5.548.363.828

31 December 2022

	Level 1	Level 2	Level 3	Total
<i>Tangible Assets:</i>				
Land	-	2.169.310.452	-	2.169.310.452
Buildings and land improvements	-	1.086.419.087	-	1.086.419.087
Machinery and equipment	-	2.441.247.214	-	2.441.247.214
	-	5.696.976.753	-	5.696.976.753

PINAR SÜT MAMÜLLERİ SANAYİİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2023

(Amounts are expressed in Turkish Lira ("TL") with purchasing power as of 31 December 2023, unless otherwise stated.)

NOTE 29 - FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK MANAGEMENT DISCLOSURES) (Continued)

Tax Advantages Obtained within the Scope of Investment Incentive System

As of 31.12.2023, Pınar Süt's tax advantage arising from investment incentives does not have a portion corresponding to the current period tax. (31 December 2022: TL 96.370.139).

Due to the regular indexation made each year by taking into account the remaining investment contribution amount due to the reduced corporate tax application of Investment Incentive Certificates in accordance with the legal legislation, there is an investment contribution amount of TL 132.271.387 that can be used in 2024 and the following years.

The periods in which deferred tax assets arising from investment incentives are expected to be used and the amounts expected to be recovered in these periods are explained below:

	31 December 2023	31 December 2022
0-5 Years	112.430.679	67.707.816
5-10 Years	19.840.708	11.948.438
Total	132.271.387	79.656.254

In the sensitivity analysis conducted as of 31 December 2023, there was no change in the recovery period of deferred tax assets related to investment incentives, which was foreseen as 10 years, when the inputs included in the basic macroeconomic and sectoral assumptions constituting the business plans were increased/decreased by 10%.

NOTE 30 - SUBSEQUENT EVENTS

In accordance with the decision of the Board of Directors taken on 7 February 2024, it was decided that our company would participate in the capital increase of Hadaf Foods company of USD 18.000.000 with USD 3.000.000 and a capital advance payment was made.

INFORMATION FOR INVESTORS

Stock Market

The shares of Pınar Süt Mamulleri Sanayii A.Ş. are traded on the Borsa İstanbul Star Market under the ticker “PNSUT.”

Public Offering Date: 03.02.1986

Ordinary Meeting of the General Assembly

Per the decision of the Board of Directors of Pınar Süt Mamulleri Sanayii A.Ş., the Ordinary Meeting of the General Assembly of the Company shall be held on Wednesday, 29 March 2023, at 11:30 at Altın Yunus Çeşme Turistik Tesisleri located at Altın Yunus Mahallesi 3215 Sk. No:38 Çeşme/Izmir.

Dividend Distribution Policy

Pınar Süt Mamulleri Sanayii A.Ş.’s Dividend Distribution Policy for 2013 and subsequent years, prepared per Capital Markets Legislation, has been submitted for the approval of the Ordinary General Assembly in 2013 and disclosed to the public and can be accessed in Turkish and English on the Investor Relations page of the Company’s corporate website (www.pinar.com.tr).

At its meeting on 9 May 2024, the Board of Directors resolved that since there are no resources in the legal records for the year 2023 subject to dividend distribution, it is appropriate to transfer the net profit for the period amounting to TRY 284,747,633, calculated based on the financial statements prepared per the Turkish Accounting/Turkish Financial Reporting Standards (TAS/ TFRS), to retained earnings and to submit the decision to the shareholders for approval at the Ordinary Meeting of the General Assembly.

Investor Relations

Pınar Süt Mamulleri Sanayii A.Ş.

Investor Relations Department

Yunus Emre Mah. Kemalpaşa Cad. No:317 Bornova - Izmir

Tel: (232) 436 15 15 and (232) 495 00 00

Fax: (232) 484 17 89

E-mail: yatirimciiliskileri@pinarsut.com.tr

To access the Pınar Süt Investor Relations Website:



QR Code for Turkish link:



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Performance of Pınar Süt shares (Compared to BIST ALL Index and BIST FOOD Index)

