

PINAR SU VE İÇECEK ANNUAL REPORT

2023



Relevant Accounting Period of the Report

01.01.2023 - 31.12.2023

Trade Name

Pınar Su ve İçecek Sanayi ve Ticaret A.Ş.

Trade Registry and Number

Izmir Trade Registry 45707-K-2016

Registered Equity Ceiling

TRY 220,000,000

Issued Capital

TRY 94,762,708.45

Contact Information**Headquarters**

Kemalpaşa Mah. Kemalpaşa Cad.

No: 262 Bornova/Izmir

Tel: (232) 436 52 50

Fax: (232) 436 52 04

E-mail: info@pinarsu.com.tr

Head Office

Kemalpaşa Mah. Kemalpaşa Cad.

No: 262 Bornova/Izmir

Tel: (232) 436 52 50

Fax: (232) 436 56 80

Website and Social Media

www.pinarsu.com.tr

www.facebook.com/pinarsuofficial

www.x.com/pinarsuofficial

www.instagram.com/pinarsuofficial

www.linkedin.com/company/pinar-su-icecek

www.instagram.com/pinarfii

www.pinar.com.tr

instagram.com/pinarlayasam

facebook.com/pinarlayasam

twitter.com/pinarlayasam

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Message from the Chairperson of the Board

Pınar Su ve İçecek continues to work for a sustainable future with a commitment to the efficient use of natural resources.

Dear Stakeholders,

We have closed 2023, the 100th anniversary of the Turkish Republic, the product of a broad vision and bold determination, with excitement, enthusiasm, and pride shared with all our employees while setting new goals and ideals for our Group and the Republic at large. May the Turkish Republic forever endure, flourish thoroughly, and prosper in the centuries to come.

The nation was struck by a major earthquake in 2023. As a nation united in grief, we have worked to heal the wounds of the disaster that claimed tens of thousands of our citizens with a profound sense of solidarity. As Yaşar Group, we suffered a huge personal loss in the first days after the earthquake. We bid farewell to our father, Selçuk Yaşar, the Founder and Honorary President of our Group. Yaşar Group will continue to walk successfully towards the future on the path paved by his values and the principles of "Science, Unity, Success" that he lived by. We remember our father, Selçuk Yaşar, with compassion, respect, and gratitude.

Our Company, which introduced the concept of bottled water to Türkiye 40 years ago, makes us proud as one of our country's strong brands in international markets. In 2023, Pınar Su ve İçecek posted a sales volume of 338 thousand tons. The Company's net sales turnover amounted to TRY 1.2 billion.

I can proudly say that we realized 14% of total water exports from Türkiye in 2023. With 46 thousand tons of exports to 22 countries, we generated USD 7.1 million in revenue.

Our business results in 2023 were, of course, driven by the close relationship we have nourished with our consumers and by our innovations that follow emerging trends. Placing health, reliability, and social contribution at the core of its production principles, Pınar Su ve İçecek has continued to take steps toward the future and change.

Our Company, with digital transformation at the heart of its activities, launched Türkiye's first online carboy water ordering application in 2012, continuing its innovations in 2023, as in

every year, by establishing a WhatsApp support line, a channel frequently used by consumers. Through this channel, customers are able to reach the brand in the fastest way possible and submit their requests and complaints. In addition, the Company started offering carboy, PET, and beverage products on Türkiye's largest and most popular e-commerce channels. These platforms allow the delivery person in the field and the end-user placing the order to communicate without viewing each other's contact information. This development ensures customer satisfaction and information security.

In line with consumer expectations and the rising preference for discounted products, Pınar Su ve İçecek introduced prepaid carboy packages, which contribute year-round to consumers' budgets, through the Yaşam Pınarım application. These package offers, launched to protect consumers against long-term price increases, have steadily increased consumer loyalty rates.

Following the growth trends in the out-of-home consumption channel, especially after the pandemic, we implemented special activities for glass bottled water, PET bottled water, lemonade, and other beverage categories that appeal to this sales channel, including hotels, restaurants, and cafes.

As a result of these efforts, out-of-home consumption sales rose 65% in 2023. The Sparkling family, which contains the required daily amount of bicarbonate for the gastric and digestive systems, was introduced to the market in view of the demands of this channel, attracting great interest with the 0.33 and 1-liter bottle formats. In addition, the Frii and Functional Beverage families, which had a packaging makeover reflecting new trends, have enriched the bar and beverage menus of cafes, restaurants, and hotels, especially during fairs and other events.

As Pınar Su ve İçecek, we are aware of our responsibility towards our planet and society. We focus on energy, water, and waste management as part of the environmental component of our sustainability efforts, which we manage in line with Yaşar Group's sustainability strategy and approach, and we manage



our environmental impact accordingly. As a result of our efforts, we were able to reduce the amount of wastewater generated from 16.03 thousand cubic meters in 2022 to 14.75 thousand cubic meters in 2023. In 2023, we reduced the total amount of wastewater by 8% compared to the previous year and by 8.6% per unit of production. We reduced our greenhouse gas emission intensity this year by 15.3% compared to the base year 2010. The reduction in electricity consumption per unit of production compared to the baseline year was 16.5%.

Meanwhile, we continued to increase our competitive power with new investments. With our digitalization investment, we are renewing all our end-to-end processes with new generation SAP technologies under the SAP S4/HANA Cloud Transformation Project “PROJECT FENIKS,” which is part of the Yaşar Group’s “Digital Transformation” process. As Pinar Su ve İçecek, we are implementing a modern and data-driven structure that can make sound projections and offer instant reporting and analysis.

This year, along with our employees, we joyfully celebrated the 100th anniversary of our Republic. While doing so, we have continued our social contribution efforts to advance the future of our nation and our youth. To this end, we continue our social contribution efforts in many areas, such as Pinar Children’s Theater, the International Pinar Painting Competition, and sponsorship of Karşıyaka Sports Club (KSK), which have become synonymous with the Pinar brand.

As the Pinar Su ve İçecek family, I thank all our stakeholders, employees, shareholders, dealers, suppliers, and business partners with whom we walk together towards achieving our vision of creating a better tomorrow.

Best Regards,

E. Feyhan Yaşar

Chairperson of the Board of Directors

Board of Directors



E. FEYHAN YAŞAR
CHAIRPERSON OF THE BOARD
OF DIRECTORS



İDİL YİĞİTBAŞI
VICE CHAIRPERSON OF THE
BOARD OF DIRECTORS



NALAN ERKARAKAŞ
INDEPENDENT
BOARD MEMBER



DAMLA TOLGA BİROL
INDEPENDENT
BOARD MEMBER



YILMAZ GÖKOĞLU
BOARD MEMBER



HAKKI HİKMET ALTAN
BOARD MEMBER



HÜSEYİN KARAMEHMETOĞLU
BOARD MEMBER

** Resumes of the Board of Directors are available on pages 35-37.

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 12 and 13 of our Articles of Association.

Senior Management and Committees

BOARD OF DIRECTORS AND TENURES

NAME AND LAST NAME	TITLE	TERM OF OFFICE
E. FEYHAN YAŞAR	CHAIRPERSON OF THE BOARD OF DIRECTORS	29.03.2023 - 29.03.2024
İDİL YİĞİTBAŞI	VICE CHAIRPERSON OF THE BOARD OF DIRECTORS	29.03.2023 - 29.03.2024
NALAN ERKARAKAŞ	INDEPENDENT BOARD MEMBER	29.03.2023 - 29.03.2024
DAMLA TOLGA BİROL	INDEPENDENT BOARD MEMBER	29.03.2023 - 29.03.2024
YILMAZ GÖKOĞLU	BOARD MEMBER	29.03.2023 - 29.03.2024
HAKKI HİKMET ALTAN	BOARD MEMBER	29.03.2023 - 29.03.2024
HÜSEYİN KARAMEHMETOĞLU	BOARD MEMBERİ	29.03.2023 - 29.03.2024

Corporate Governance Rating:

Pınar Su ve İçecek's corporate governance rating was confirmed as 9.55 out of 10 in 2023.

SENIOR MANAGEMENT

NAME AND LAST NAME	POSITION
KORAL KALPAKLIOĞLU	GENERAL MANAGER
UFUK ATİK	FINANCIAL AFFAIRS AND FINANCE DIRECTOR

AUDIT COMMITTEE

NAME AND LAST NAME	POSITION
NALAN ERKARAKAŞ	CHAIRPERSON
DAMLA TOLGA BİROL	MEMBER

CORPORATE GOVERNANCE COMMITTEE

NAME AND LAST NAME	POSITION
NALAN ERKARAKAŞ	CHAIRPERSON
DAMLA TOLGA BİROL	MEMBER
YILMAZ GÖKOĞLU	MEMBER
ONUR ÖZTÜRK	MEMBER

EARLY DETECTION OF RISK COMMITTEE

NAME AND LAST NAME	POSITION
DAMLA TOLGA BİROL	CHAIRPERSON
NALAN ERKARAKAŞ	MEMBER
HAKKI HİKMET ALTAN	MEMBER

Company Profile

Pınar Su ve İçecek has realized its production with state-of-the-art technologies over the 40 years since its foundation.

Pınar Su ve İçecek has been among the strongest players in its industry since its establishment in 1984. Pınar Su ve İçecek, which introduced the concept of bottled water in a first for Türkiye and attracted interest in domestic and international markets, stands out among global companies operating in the domestic market as a company with 100% Turkish capital. The Company has sustained its sustainable growth to date and made various investments in 2023. Focusing on sustainability in all processes from production to packaging, the Company achieved its 2023 targets with new products introduced to the market, innovations in the functional beverage portfolio, and packaging changes. The Company ended 2023 with 9% growth in turnover compared to the previous year.

The Company, which started its production journey under the name of “Pınar Su,” was renamed “Pınar Su ve İçecek” in 2019 to transfer its years of experience in water production to the beverage industry. Within a short period after this makeover, the Company developed innovative products and expanded its product range. The Company proved that it is also highly ambitious in the beverage industry by introducing consumers to many new and unique products over time.

Due to the increasing significance of e-commerce and growing digitalization, Pınar Su ve İçecek has invested more in these areas in recent years and turned to digital channels to strengthen customer relations and further improve the

customer experience. Accordingly, the Company has embraced digitalization and started to establish partnerships on different sales platforms - to supplement its traditional sales channels.

HYGIENE-ORIENTED PRODUCTION WITH STATE-OF-THE-ART TECHNOLOGY

Quality and hygiene criteria are at the heart of Pınar Su ve İçecek’s production strategy. In line with this strategy, Pınar Su ve İçecek uses the world’s most advanced technologies at all filling facilities, with filling performed in fully hygienic environments that are positively pressurized with sterile air. Air entry from outside is blocked, and the air is constantly cleaned.

The Company maintains high standards at every stage of production, including the collection of water at source, bottling, and delivery to the end consumer, as well as conducting physical, chemical, and microbiological tests as part of its quality processes. Producing water and beverages of high quality and great taste to international quality standards, the Company works to the “Our Consumers and Customers Come First” Motto.

As the first Turkish beverage brand to receive the International Health and Food Safety Compliance Certificate (NSF), Pınar Su ve İçecek is growing daily with a business approach focused on high-quality production, increasing consumer satisfaction, and sustainable growth.

Shareholding Structure

The shares of Pınar Su ve İçecek are traded on the Borsa Istanbul Main Market under the ticker “PINSU.” There are no privileges in the Company shares.

SHAREHOLDER	SHARE RATIO (%)	SHARE AMOUNT (TRY)
YAŞAR HOLDİNG A.Ş.	58.00	54,960,343.68
PINAR SÜT MAMULLERİ SANAYİİ A.Ş.	8.77	8,314,575.66
OTHER	33.23	31,487,789.11
TOTAL	100.00	94,762,708.45



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

Yaşar Group

Pınar Su ve İçecek continues its operations as a member of Yaşar Group, which adds value to the Turkish economy, society, and the environment based upon 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 in 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

With its highly committed employees and business partners, Yaşar Group continues to create strong brands and offer products and services in the domestic and international markets. 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 partnering with its stakeholders in its sustainability approach and targets while expanding its overall impact. Yaşar Group continues to work to create value for Türkiye and the wider world and to offer a better life to all its stakeholders with its corporate values. Values that include Our Consumers and Customers Come First, Operational Excellence, Human Resources, Ethical Stance, and Environmental and Social Responsibility.



You can find detailed information about [Yaşar Group](#) here.

Milestones of the Production Journey

Türkiye's first bottled water was introduced to consumers in **1984** under the Pınar Şaşal brand. Disposable containers were used for the first time in **1985**, and the first exports to Germany were made in the same year. Pınar Su opened its second factory in Bozdoğan, Aydın, and introduced the “Pınar Madran” brand to consumers in **1996**. The rights to the Sakarya and Isparta springs were acquired, and Marmara Su was founded in **2003**. Water from these two springs was offered to consumers under the “Pınar Yaşam Pınarım” and the “Pınar Denge” brands. The Pınar Madran facility established in Bozdoğan, Aydın, was expanded with additional investments in **2005**. Pınar Madran became the first Turkish beverage brand to receive the NSF International Quality Certification in **2007**. Toros, Isparta was replaced with Akçaağaç as one of the Company's springs in **2011**. Türkiye's first online carboy ordering system was launched in **2012**. The Uludağ spring investment in İnegöl, Bursa, was completed and put into operation in **2016**. In addition to spring water filling, the Company started to produce

carbonated and non-carbonated fruit flavored beverages with investments made in **2017**. The Company's trade name was renewed as “Pınar Su ve İçecek” in **2019**. The Pınar New Generation Yaşam Pınarım product family, Turkey's first vegan-certified and functional glass bottle beverages, was introduced to consumers in the same year. Pınar Su ve İçecek became the first water and beverage company to have Carbon Neutral Certified products in **2020**. Pınar Su started the installation of a 0.33L - 1L - 1.5L production line at the Uludağ facility in **2021**. The Pınar Su WhatsApp support line was launched in **2023**. Teams operating under Pınar Su ve İçecek were established to make direct regional sales.



You can watch the video about Pınar Su ve İçecek's journey to success here.

Pinar Su ve İçecek at a Glance in 2023

Pinar Su ve İçecek continues to bear its 40 years of experience into the future with confidence and dedication, one step at a time.



Years of Industry Experience



Dealers



Average Number of Employees

CUSTOMER EXPERIENCE

The Company added new features to the “Yaşam Pınarım” Mobile Application, which allowed the Company to provide users with a better shopping experience.

The Company accelerated its software development investments in 2023. All communication channels, such as e-mail, mobile application, and call center, were consolidated into a single platform to further improve and enhance the customer experience.

ANNUAL PRODUCTION CAPACITY

2
MILLION
TONS

TURNOVER

1.2
BILLION
TRY

GROSS PROFIT

524,3
MILLION
TRY

INVESTMENT EXPENDITURE

21
MILLION
TRY

EXPORTS TO

22
COUNTRIES

SHARE OF FOREIGN SALES

17.2%

YEAR OF CHANGE AND TRANSFORMATION

DIGITAL TRANSFORMATION

Pınar Su ve İçecek launched “Project Feniks” to implement a data-driven structure capable of accurate forecasting and provide instant reporting and analysis in all end-to-end processes with new-generation SAP technologies.

CULTURAL TRANSFORMATION

The “Competition Law Compliance” program was launched to support employees’ professional and personal growth through various training programs throughout the year. Competition Law awareness training was provided as part of these programs.

INITIATIVES AND INNOVATION

By closely following nutritional trends and consumer preferences, product development processes for consumers who prefer a vegan diet and efforts to reduce the sugar content in products were accelerated.

SUSTAINABILITY

Optimization efforts for the shrink packaging of products in 2023 resulted in 15.1% to 24.2% less plastic use per unit product in the beverage group.

Yaşar Group, the parent company of Pınar Su ve İçecek, has implemented transformation projects to carry the Group forward in line with its goal of becoming a “Group that moves forward strongly into the future.” As the ongoing transformation efforts gain momentum, Group companies are marching towards tomorrow with new plans and projects.

Having announced its target of becoming a carbon-neutral organization by 2050, Pınar Su ve İçecek continues to design its business processes in line with its sustainability goals while closely following the latest technologies and integrating new equipment into its facilities to improve production quality.

FINANCIAL PERFORMANCE IN 2023

(Million TRY)	01.01.2023-31.12.2023	01.01.2022-31.12.2022
Net Sales	1,207.50	1,108.1
Gross Profit	524.3	373.8
Gross Profit Margin	43.4%	33.7%
(Million TRY)	31.12.2023	31.12.2022
Equity	1,121.0	939.9
Assets	1,867.9	2,038.3
Total Liabilities/Equity Ratio	0.60	1.17

Competitive Advantages

Pinar Su ve İçecek continues to stand out in its industry for its production practices that comply with international quality standards and products that meet customer needs.



EXPERIENCED, STRONG AND RELIABLE BRAND

40 years of industry experience

Türkiye's first bottled water brand

Continuously improving customer satisfaction and customer experience

Digitalization and swift adaptation to contemporary innovations

Production that respects the environment and human health



The Company continues to work towards the goal of leadership in different beverage groups, combining its long-standing production tradition with the principle of perfect customer experience. In this way, the Company brings its value-added products to the consumer in domestic and foreign markets.

WIDE PRODUCT RANGE

- Production of SKUs in various volumes and packages designed to meet consumer needs and changing trends
- Sugar-added and Sugar-free Pınar Fırı product family, presented with a combination of natural spring water and fruit juice concentrates
- Functional beverages family that responds to consumer needs
- Sugar-added and Sugar-free Lemonades
- Peach and Lemon Flavored Pınar Ice Tea
- Pınar Premium Sparkling Water – Bicarbonate and Carbon Dioxide Enriched Water
- Pınar Premium PET Water, with its elegant appearance on tables

RELIABLE PRODUCTION QUALITY

- 40 years of production experience
- Spring water that meets international standards, offered to the market in natural and hygienic conditions from the premium springs of Türkiye
- Ability to offer products in all packaging options (PET, polycarbonate carboy, glass carboy, and glass) with strong and advanced production capability
- Ultra-hygienic production technology
- Quality, food safety, environmental, and occupational safety management systems certificates at all facilities
- Zero Waste Certification at all facilities



STRONG DISTRIBUTION AND SERVICE NETWORK

- Logistical advantage of production from sources close to target markets
- Easy accessibility throughout Türkiye with a strong sales and distribution network consisting of widespread dealers
- Yaşam Pınarım mobile application that provides users with special offers and favorable prices
- The first water brand to launch an “online” ordering system and develop it continuously
- The first water brand to offer contact-free payment by credit card on mobile ordering applications
- Strong corporate collaborations
- E-commerce sales channels
- Strong and widespread service in EDT and HORECA channels
- The WhatsApp support and order line was launched to increase customer satisfaction and respond quickly to requests and questions
- A strong direct distribution channel that the brand operates with its own human resources and logistical capabilities and expands daily

Industry Overview

The packaged water retail industry continued its growth trend in 2023, reaching TRY 14 million 963 thousand.

The impact of the growing healthy nutrition trends in recent years was also visible in the beverage industry throughout 2023. Consumer behavior research reveals that nutritional preferences in Türkiye and around the world are changing every day. Wellness, which became a rising trend with the pandemic, has also started to affect dietary habits. With the related increase in awareness, the variety of healthy food and beverages on shelves and the demand for these beverages continue to grow.

The bottled water retail industry continued its growth trend with the increase in water consumption in step with the rising awareness of healthy living, reaching a size of TRY 14 million 963 thousand in 2023. The industry achieved growth of 73% compared to 2022. The market reached 4 million 252 liters in volume terms in 2023, marking growth of 88% over 2022.

Pınar Su ve İçecek grew by 23% in volume terms in the total retail market. The Company continued to rank among the top 10 in the bottled water market in terms of turnover (Nielsen Retail Panel, December 2023).

Pınar Su ve İçecek produces all of its beverages under the internationally recognized V-Label certificate, a label indicating vegan/vegetarian products and services.

Consumers continued their search for additive-free, sugar-free, natural, low-calorie, and vegan beverages in 2023. In line with this growing preference, the global functional beverage market is estimated to grow by 5.9% annually until 2030, reaching approximately USD 200 million (ResearchAndMarkets).

Changing Nutrition and Consumption Preferences

Beverages that contain natural spring water, with the addition of vitamins and minerals required daily, have started



to provide benefits far beyond quenching thirst. In addition to the healthy living trend, “veganism” and “vegetarianism” have become popular dietary choices due to emotional, social, and economic factors. Comparing the data of the last three years, the rate of those who state, “I may prefer these diets,” has doubled (Marketing Türkiye, December 2023 Vegan and Vegetarianism Survey).

By considering consumer trends at every stage of production and product development process, Pınar Su ve İçecek focused its R&D efforts in 2023 accordingly. As a result of its efforts throughout the year, the Company added new products to its portfolio and continued to improve its existing products in line with consumer expectations. Especially in the functional

beverage category, Pınar's ambitious "Next Generation Yaşam Pınarım" product family has attracted great interest from consumers since its launch. Similar development efforts continue in accordance with customer expectations in the functional beverage group, as well as in all other carbonated and non-carbonated categories.

Pınar Su ve İçecek prioritizes the environment and human health in its production and packaging processes in addition to its goal of offering consumers safe, high-quality, and healthy beverages. In addition to healthy beverages, the Company continues to prioritize easy-to-use, environmentally friendly, natural, and recyclable packaging options in its new products.

Pınar Su ve İçecek also produces all of its beverages under the internationally recognized V-Label certificate, which is a label indicating vegan/vegetarian products and services.

Production at International Standards

Adopting a sustainable and responsible production approach in its business processes, Pınar Su ve İçecek is committed to protecting natural resources and ensuring efficient resource utilization. With its responsible producer approach, the Company is committed to reducing waste at its source, efficiently directing the waste generated during production to recycling systems by carrying out its production activities in a manner that respects the environment and nature. Pınar Su ve İçecek produces under hygienic conditions at its facilities designed in accordance with international standards without disturbing the natural composition of the water at its source.

FILLING FACILITIES

Pınar Su ve İçecek utilizes state-of-the-art technologies at all its filling facilities.

ULUDAĞ

Uludağ, Bursa is considered one of Turkey's highest-quality springs for its rich content and flavor. The Uludağ Bursa facility, which commenced operations in 2015, is located on the borders of İnegöl, Bursa. At the foot of forested mountains with water sources at an altitude of 1,600 meters, the facility is remote from residential areas. Equipped with modern production lines at Industry 4.0 standards and an infrastructure that ensures energy and production efficiency, the facility has a capacity of 822 thousand tons/year.

Pınar Uludağ

Sulphate	3,90 mg/L
Sodium	4 mg/L
Chloride	0,99 mg/L
pH	7,37
Conductivity	71,9 µS/cm

MADRAN

The Madran spring of Pınar Su ve İçecek is one of the highest-quality springs in Türkiye. Located in Bozdoğan, Aydın, remote from residential areas, the facility's water source is located at an altitude of approximately 1,000 meters. With an annual filling capacity of 550 thousand tons, the facility produces carbonated and non-carbonated beverages, as well as spring water.

Pınar Madran

Sulphate	7,83 mg/L
Sodium	6,27 mg/L
Chloride	3,72 mg/L
pH	7,45
Conductivity	58,1 µS/cm

GÖKÇEAĞAÇ

Located in Hendek, Sakarya, the Gökçe ağaç facility produces from a spring that stands out with its 8.2 pH value and ideal mineral content. Located in an area of virgin greenery, the facility offers consumers high-quality and healthy spring water. The facility has a total annual production capacity of 330 thousand tons.

Pınar Gökçe ağaç

Sulphate	7,7 mg/L
Sodium	5,6 mg/L
Chloride	1,0 mg/L
pH	8,2
Conductivity	130,3 µS/cm

Activities of 2023

In 2023, Pınar Su ve İçecek reached a sales volume of 338 thousand tons and achieved net sales of TRY 1.2 billion.

Achieving a net sales figure of TRY 1.2 billion in 2023, the Company's total sales volume was 338 thousand tons. The Company achieved a gross profit of TRY 524.3 million in 2023, and the total investment amount during the year was TRY 21 million.

In addition to bottled water products, the Company continued its investments and product development efforts in innovative beverage products. In this context, lemonade, carbonated fruit drinks, and functional drinks were among the most popular products of Pınar Su ve İçecek in 2023. With the new product development investments made during the year, Peach and Lemon Flavored Cold Tea products, Carbonated Water enriched with bicarbonate and carbon dioxide, and Premium PET Water, which stands out for its elegance, received great acclaim.

EXPORT TO 22 COUNTRIES

With its 40 years of production experience and premium quality, Pınar Su ve İçecek also makes waves beyond the borders of Türkiye. The Company follows international developments, trends, and consumer needs and offers its products to the global market accordingly. With the feedback received from numerous users in various countries, the Company keeps track of the global water and beverage market through active participation in international fairs and congresses and develops sales strategies accordingly.

Maintaining its pioneering position in its industry, Pınar Su ve İçecek accounted for 14% of Türkiye's total water exports in 2023. The Company generated USD 7.1 million in revenue from 46.2 tons of exports to 22 countries in 2023. The share of exports, mainly to European countries, in turnover terms, increased by 8.2% to 17.2%. Of total sales during the year, 13.7% were made in foreign markets. The highest share of Pınar Su ve İçecek's exports was to the UK, at 65%.

INVESTMENTS IN 2023

In addition to bottled natural spring water produced with high technology, Pınar Su ve İçecek offers consumers reliable and innovative products in the carbonated and non-carbonated fruit drinks categories. Continuously updating



its infrastructure in this direction, the Company invests in digitalization as well as product, service, and technology development. Thanks to these investments, Pınar Su ve İçecek further improved its distribution network and invested TRY 21 million in 2023.

The Company added new features to the “Yaşam Pınarım” Mobile Application, which allowed it to provide users with a better shopping experience. Pınar Su ve İçecek also accelerated its software development investments in 2023. All communication channels, such as e-mail, mobile application, and call center, were consolidated into a single platform to further improve and enhance the customer experience.

Closely following technological developments, the Company continued to integrate new equipment into its facilities throughout the year to improve production quality. In

this context, the Uludağ facility produces according to the requirements of the Industry 4.0 Management System. The facility, fitted with high-tech equipment, stands out in the bottled water industry with Türkiye's highest-capacity production lines, producing bottled water untouched by human hands. Carboy and PET production within the facility's campus are managed in two separate production plants using the production campus model. Established on an area of 123 thousand m2, one of the plants fills carboy products in recyclable packaging, while the other produces and fills PET bottled products.

INFORMATION TECHNOLOGIES

In the digital age, following technological innovations and adapting business processes to modern conditions remains a necessity to stay ahead of the competition. With this perspective, Pınar Su ve İçecek, which continues to advance, develop, and improve its business lines, continued to invest in SAP's next-generation cloud technologies in 2023. Pınar Su ve İçecek 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, whereby all improvements will directly impact employee, supplier, and customer satisfaction. With the 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 meeting of financial targets.

The Group companies' ways of doing business are evaluated end-to-end as part of Yaşar Group's digital transformation

NET SALES AMOUNT

1.2
BILLION
TRY



You can scan the QR Code on your phone to download the Yaşam Pınarım mobile application from the Play Store.



process, with the most suitable technological tools selected for this transformation accordingly. Change management is conducted by considering all aspects, such as technology, culture, etc.

Through its digitalization efforts, Pınar Su ve İçecek aims to standardize its business processes and improve efficiency by ensuring that operational activities are conducted using new technologies. To adopt Industry 4.0 within Yaşar Group, automation projects are developed using Robotic Process Automation (RPA) technology through high technology investment. Digitalization of the traceability system, a requirement for safe food production, continues as well.

SALES VOLUME

338
THOUSAND
TONS



You can scan the QR Code on your phone to download the Yaşam Pınarım mobile application from the App Store.

Supplier Relations

By working with suppliers that comply with the standardized “Pinar Quality Criteria, Pinar Su ve İçecek does not compromise on quality and reliability.”

Pinar Su ve İçecek, which does not compromise on quality and reliability, works with suppliers that comply with the “Pinar Quality Criteria.” The Company requires its suppliers to declare compliance with the principles set out in the “Pinar Su ve İçecek Supplier Principles Guide,” developed in line with the UN Global Compact. The Pinar Su ve İçecek Supplier Principles Guide consists of the key categories of compliance with regulations, human rights, fair labor standards, environmental responsibility, and commercial integrity. The Company monitors the compliance of its suppliers through regular audits.

As a member of Yaşar Group, which supports regional and local development with business models that empower local suppliers, Pinar Su ve İçecek prioritizes sourcing raw materials from local producers. In this way, the Company contributes to the improvement of supplier conditions while at the same time preventing additional carbon emissions caused by logistics processes. Addressing these concerns, the Company made 98.6% of its purchases from local suppliers in 2023.

In the management of its supply chain, Pinar Su ve İçecek adopts the policy of “managing the environmental, social and economic impacts of products and services throughout their life cycle and promoting good governance practices,” which directly affects product and service quality. As a responsible producer, the Company has a holistic approach to managing its entire value chain, from raw material procurement to the delivery of products and services to customers and consumers. Having updated its environmental impact analyses by considering the different stages of the product life cycle, the Company also initiated life cycle inventory works in 2023. In this context, Pinar Su ve İçecek is meticulous in its supplier selection and considers compliance with the quality, environmental, food safety, and occupational health and safety standards of the organizations with which it will work. Working in full compliance with Yaşar Group’s corporate values and

sustainability approach, the Company evaluates quality, safe and sustainable production conditions, and environmental impacts in supplier selection.

The Company has meticulous evaluation criteria for suppliers. These criteria include factors such as the effectiveness of the management systems implemented by suppliers, recent supplier audit scores, and performance monitoring throughout the year. In this context, suppliers’ quality standards, approaches to food safety, OHS activities, environmental impacts, and management strategies are reviewed. Following this review, the Company creates an Approved Suppliers List based on the audit scores and supplier evaluation results. In this way, the Company procures products or services from companies that successfully make it to the list.

Pinar Su ve İçecek considers the availability of certificates of compliance with the ISO 14001 Environmental Management System and SA 8000 Social Responsibility Standard or equivalent standards in the overall supplier scoring. The Company expects the same commitment to occupational health and safety from its suppliers. In this regard, Pinar Su ve İçecek informs its suppliers in advance that they must notify the Company in the event of any occupational or environmental accident. This notification is made through supplier audit checklists and purchasing contracts and also directly during audits.

As has been the case thus far, Pinar Su ve İçecek supported the improvement of its suppliers in 2023 as well, evaluating their performance by reviewing factors such as adherence to deadlines, pricing, turnaround time for improvement requests, and the effectiveness of corrections and corrective actions. The Company provided feedback to its suppliers and shared reports on audit findings. When necessary, the Company requests suppliers to plan and implement corrective actions.

Pınar Su ve İçecek Products

BOTTLED WATER

- » 0.20L cup
- » 0.33L PET bottle
- » 0.50L PET Bottle
- » 0.75L Sports Bottle
- » 1L PET bottle
- » 1.50L PET bottle
- » 5L PET bottle
- » 0.33L Glass Bottle
- » 0.75L Glass Bottle
- » 15L Glass Carboy
- » 19L Carboy
- » 0.33L Pınar Premium Sparkling Water
- » 0.75L Pınar Premium Sparkling Water



PINAR FRİİ

- » 0.25L Pınar Frii Lime Flavored Sugar-Free Carbonated Beverage
- » 0.25L Pınar Frii Tangerine Flavored Sugar-Free Carbonated Beverage
- » 0.25L Pınar Frii Red Grape Flavored Sugar-Free Carbonated Beverage
- » 0.25L Pınar Frii Melon Flavored Sugar-Free Carbonated Beverage
- » 0.25L Pınar Frii Lime Flavored Carbonated Drink
- » 0.25L Pınar Frii Tangerine Flavored Carbonated Beverage
- » 0.25L Pınar Frii Red Grape Flavored Carbonated Beverage
- » 0.25L Pınar Frii Melon Flavored Carbonated Beverage



PINAR LEMONADE

- » 0.33L Lemonade
- » 0.33L Sugar-Free Lemonade
- » 1L Lemonade
- » 1L Sugar-Free Lemonade
- » 0.33L Limon Pınarım
- » 1L Limon Pınarım

PINAR NEXT GENERATION YAŞAM PINARIM FUNCTIONAL BEVERAGES FAMILY

- » 0.25L Güzellik Pınarım
- » 0.25L Bağışıklık Pınarım
- » 0.25L Zindelik Pınarım
- » 0.25L Rahatlık Pınarım

PINAR ICE TEA

- » 0.33L Pınar Peach Flavored Ice Tea
- » 0.33L Pınar Lemon Flavored Ice Tea
- » 1L Pınar Peach Flavored Ice Tea
- » 1L Pınar Lemon Flavored Ice Tea

Pınar Su ve İçecek offers consumers high-quality and delicious beverages produced under hygienic conditions that meet diverse needs with a wide range of products from bottled water to carbonated drinks and from lemonade to functional water.



You can access detailed information about Pınar Su ve İçecek products by scanning the QR Code on your phone.

Innovations that Follow Trends

With its vision and innovative approach, Pinar Su ve İçecek worked to meet consumer expectations and provide delicious experiences to its consumers by following current trends in 2023.

Mixology Project with Beverage Workshop

With its expanded product range for 2023, Pinar Su ve İçecek organized events that quickly kept pace with the trend of “Mixology,” the art of mixing beverages. In collaboration with renowned mixologist Aykut Üner and the Beverage Workshop, the Company developed cocktail recipes that can be made with Pinar beverages. These cocktails were introduced in select cafes and restaurants, accompanied by training sessions. Such events also helped employees working in the mixology industry to generate brand-new ideas. The objective of beverage workshops was to increase the penetration of the product portfolio in the out-of-home consumption channel and to inform customers about how to include the products in their menus to enjoy alternative flavors.

New and Revised Products

Moving forward with an innovative vision reflective of its consumer profile and consumer expectations, Pinar Su ve İçecek changed the packaging of Pinar Frii products in the fruity carbonated beverage category and the “Next Generation Yaşam Pınarım” functional beverage products in the flavored water category. The Company switched to labels that emphasize the products more and to new bottles with a dynamic look. With the label change, the appearance of the products on the shelves has become more eye-catching.

The Company also developed product bottles that more easily fit into cup holders in vehicles and on cupboard shelves. The bottles, which provide the user with a convenient and comfortable consumption experience, have been welcomed since the moment they hit the shelves.

Expanding its beverage portfolio for different needs with functional water products containing vitamins through the fruity carbonated beverage family and lemonade options, Pinar Su ve İçecek introduced peach and lemon flavored cold tea as well as PET water and sparkling water products under the premium family in 2023. The premium PET bottled water options, which are easy to hold and offer a comfortable drinking experience, were launched in 0.40 L and 1-liter bottles.



Marketplaces

The Company integrated with Trendyol and Getir, Türkiye’s most popular e-commerce sales platforms, to improve brand awareness. Pinar products were presented to consumers who prefer these channels. New deals were offered on the relevant platforms to enhance awareness and support customer loyalty. The promotional activities, which paid off within a short period, also received positive feedback and reviews from consumers.

Prepaid Carboy Deals at Yaşam Pınarım

Research conducted during the pandemic and after shows indicates that consumers are turning towards more affordable options due to economic conditions. Accordingly, Pinar Su ve İçecek launched prepaid carboy packages that will contribute to consumers’ budgets throughout the year. These package offers, which were launched to protect consumers against long-term price increases, have steadily increased consumer loyalty rates.

Offers run on the Yaşam Pınarım mobile application were supported with push and pop-up notifications to increase users’ purchase frequency.

End-to-end Digitalization

Focusing on a perfect customer experience, Pınar Su ve İçecek became the first company in Turkey among water brands to offer credit card payment and 90-minute contactless delivery on mobile delivery applications. These practices, initiated before the pandemic period and ongoing, continued to be appreciated by consumers in 2023. Successfully continuing its efforts to transfer all business processes to digital channels, the Company held periodic meetings with its dealers nationwide. Continuing its operations with the principle of “end-to-end digitalization,” the Company implemented projects aimed at digitalizing its dealers’ business processes.

Aiming for sustainable growth with its stakeholders, as part of the Perfect Customer Experience project, Pınar Su ve İçecek renewed its customer service organization by combining all consumer reviews and suggestions from different channels such as call center and social media under a single system. The Company established new digital platform collaborations to create a streamlined communication channel with existing consumers and to deliver segment-based messages tailored to consumer demands.

Brand Collaborations

Pınar Su ve İçecek collaborated with various brands in different categories, appealing to all segments throughout the year on the Yaşam Pınarım mobile application. The Company offered different deals to consumers through collaborations with nearly 50 leading brands from a wide range of industries in 2023.

TSE-Certified Production

Pınar Su ve İçecek, Türkiye’s first TSE-certified bottled water brand, remained among the brands most admired by Turkish consumers in line with its mission. Promo code deals were offered through the “Yaşam Pınarım” application on game days, which sparked intense national emotions.

Out-of-Home Consumption Channel

Pınar Su ve İçecek conducted special activities in glass bottled water, PET bottled water, lemonade, and other beverage categories that appeal to this channel, as well as in hotels, restaurants, and cafes. As a result of these efforts, out-of-home consumption sales increased by 65% in 2023. Sparkling, Pınar Su ve İçecek’s new product, stood out as an alternative beverage option with its rich bicarbonate content produced from 100% natural spring water. Pınar Sparkling Natural Mineral Water, which contains the required daily amount of bicarbonate for a healthy gastric and digestive system, has become an essential product for those who care about a quality diet. Produced untouched from Madran spring water under hygienic conditions, this light-carbonated

water has become a favorite of those who maintain a healthy diet, being sugar-free and with zero calories. The new mineral-rich beverage attracted great attention in the EDT channel with its elegant look on tables in 0.33 and 1-liter glass bottles.

On the beverage side, the Functional Product Family and the Pınar Fii product group attracted great interest in out-of-home consumption under their “Next Generation Yaşam Pınarım” slogan. Particularly thanks to the collaboration with the Beverage Workshop founded by Beverage Consultant Aykut Üner, cocktails prepared with Pınar beverages in hotels, restaurants, and cafes received great interest as delicious alternatives offered to guests. The mixology booklet, which compiles cocktail recipes, added richness to the cocktail bar and beverage menus of cafes, restaurants, and hotels, especially at fairs and various other events.

Reduced Sugar Content in Products

The Pınar Su ve İçecek R&D department focused intensively on reducing the use of sugar, the effects of which on human health are widely discussed. In line with these efforts, the Company succeeded in reducing the sugar content of its products without compromising their taste and quality. Thereby, the consumption of sugar, known to have a negative impact on human health, was reduced.

Vegan Beverages

Research shows that the concepts of vegetarianism, veganism, and dietary preferences have increased exponentially in recent years. The rate of those who prefer such diets has doubled over the past three years (Marketing Türkiye, December 2023 Vegan and Vegetarianism Survey).

Pınar Su ve İçecek, which closely follows nutritional trends and consumer preferences, has also adjusted its product development processes for customers who maintain a vegan diet for healthy nutrition and various other reasons. Many products of Pınar Su ve İçecek are produced with the internationally recognized V-Label certificate.

Special Labels for Different Cultures

Pınar Su ve İçecek continued to use special labels for its export products in 2023, which are offered for sale in many regions of the world and consumed with joy and confidence. Labels prepared in the language of export markets, according to the standards and relevant regulations of the region, were presented to the market under the “Made in Türkiye” logo. The Company closely monitored the changes in standards, regulations, and certifications throughout the year, making necessary updates to its product labels accordingly.

Customers and Consumers



Pınar Su ve İçecek manages customer relations through new channels in line with changing consumer behavior.

The Company, which carries out its production and operational processes in compliance with national and international regulations, Management System Standards, and Organizational Requirements, aims to continuously improve customer satisfaction with a consumer- and customer-oriented approach. Pınar Su ve İçecek systematically conducts feedback analyses to receive and respond to customer feedback through communication channels such as call center, e-mail, mobile application, and website, towards achieving continuous improvement.

With a wide range of products, including bottled water, fruit-flavored carbonated beverages, lemonade, iced tea, and functional beverages, Pınar Su ve İçecek produces in compliance with national and international standards. The Company launches reliable products by combining the current consumer needs with quality criteria.

CORPORATE COMMUNICATION AND PROMOTIONAL ACTIVITIES

Pınar Su ve İçecek pursues communication efforts in step with its effective and competitive marketing strategy. The Company establishes strong bonds with its consumers by emphasizing the values of trust, hygiene, naturalness, and family ties, which are also the basis of its production activities.

In this context, Pınar Su ve İçecek, which focused on digital advertising investments in 2023, effectively used the various channels where it meets its consumers during campaign periods. Regularly informing the public about its activities and innovations through press releases, the Company also actively utilized social media channels. Pınar Su ve İçecek introduced its new products and services to consumers with special visual works. The Company retained the interest of its followers and consumers with content, including videos and reels that trended on social media and reached a large number of viewers. The Company also boosted follower interaction with surveys, Q&As, and giveaways on social media.



Special Communication Activities for the 100th Anniversary of the Republic

Pınar Su ve İçecek celebrated the 100th Anniversary of the Republic with great pride and excitement that continued throughout 2023. On this momentous occasion, the Company adopted the slogan “Our Spring of Freedom is the Republic,” using it in print and digital media. Pınar Su ve İçecek shared regular posts, especially on and around 29 October 2023.

Communication Works for Pinar Lemonade

The communication of Pinar Lemonade products in 2023 focused primarily on efforts to increase its accessibility in e-commerce channels and local chain markets. The Company aimed to increase consumer interest in the product through periodic radio and digital advertising investments and special visuals during Ramadan at points of sale. As a result, lemonade sales increased by 45% in volume terms in 2023.

On Trendyol, Türkiye's most renowned e-commerce platform, the 1L Pinar lemonade product was the most favorited and reviewed product in its category in 2023.

Social Media Activities

Pinar Su ve İçecek continues to strengthen its presence in the digital world and social media channels as part of its communication activities, increasing its follower number daily. The Company shares posts aimed at its target audience on X, Instagram, Facebook and LinkedIn, with tailored language and style appropriate for each medium. The Company informs its consumers and followers about new products, services, and practices through these channels. It also communicates its products and services on its YouTube channel "Yaşam Pınarım."

Events Attended

The Company and its innovative products that offer solutions for diverse needs were met with great interest at fairs. Fair visitors notably appreciated the Company's Pinar Frii Category, consisting of melon, lime, red grape, and tangerine flavors, as well as the Functional Beverage Category, lemonade, iced tea, and water products.

Pinar Su ve İçecek met with its consumers at three fairs in 2023.

• Anuga Fair

Pinar Su ve İçecek participated in the International Anuga Fair held in Cologne, Germany, between 7-11 October 2023. The Company introduced its new product range at its exhibition stand and enjoyed the appreciation of visitors. In addition to introducing new products at the fair, the Company also established several new collaborations from various countries.

• Gastromasa Fair

Pinar Su ve İçecek attended the 8th International Gastromasa Conference and Fair, among the world's preeminent gastronomy events, organized for the 8th time in 2023, with its own stand. At the event held at the Haliç Congress Center on 4-5 November 2023, visitors enjoyed mixed drinks prepared by Aykut Üner and the Beverage Workshop using Pinar Su ve İçecek products. Pinar Su ve İçecek also sponsored a session with two-Michelin-Starred Celebrity Chef Jose Avillez.

• Culinary Forum

Pinar Su ve İçecek, as a Co-Sponsor with its colorful stand, took part in the Culinary Forum held in Antalya on 4-5 December 2023, bringing together the gastronomy industry. The booklet containing cocktail recipes specially prepared for the event in collaboration with the Beverage Workshop received considerable visitor interest.

"DIGITAL TRANSFORMATION" WITH STAKEHOLDERS

In parallel with the digital transformation that has gained momentum worldwide over the past ten years, Pinar Su ve İçecek is constantly improving its technological infrastructure. Throughout the year, the Company continued its efforts to effectively manage all order channels, such as mobile application, call center, website, and dealer network.

As part of digital integration, WhatsApp support and order line was launched to improve customer satisfaction and ensure faster communication in line with changing consumer behavior. Through this channel, customers are able to reach the brand in the fastest way possible and submit their requests, orders, and complaints. The use of the WhatsApp line rapidly expanded in 2023.

Having launched the first online carboy water ordering application in Türkiye, Pinar Su ve İçecek has expanded its

digital solutions that make life easier every day since 2012, when this innovative practice was launched. The “Yaşam Pınarım” application, which was launched immediately after the online ordering program and celebrated its 10th anniversary, was further developed in 2023 and continued to serve with new features. The Company was able to increase its order volume compared to last year through new customer acquisition and loyalty programs, brand collaborations, and communication efforts.

The Company started offering carboy, PET, and beverage products on Türkiye’s largest and most popular e-commerce channels. These e-commerce platforms allow the delivery person in the field and the end-user placing the order to communicate without viewing each other’s contact information. This development ensures customer satisfaction as well as information security. All these efforts allowed the Company to consolidate and evaluate all channels on a single platform and facilitated the traceability of its processes.



CUSTOMER COMMUNICATION CENTER

Pınar Su ve İçecek aims for high customer satisfaction in line with its quality standards. The Company maintained its customer-centric approach and ensured uninterrupted communication with its customers through its call center at **444 99 00**, WhatsApp Support Line at **0850 757 87 78**, and e-mail addresses **destek@pinarsu.com.tr** and **info@pinarsu.com.tr**. The Company continued to develop solutions by successfully analyzing the needs, expectations, and complaints of its customers.

STRONG DEALER STRUCTURE AND TRACEABLE PROCESSES

Pınar Su ve İçecek, acutely aware that speed, accessibility, and transparency are just as important as quality production and that these factors shape competition in today’s world, is increasing the number of its PET and carboy dealers daily with the principle of “always being accessible anywhere, at any time.” With its network of 300 dealers, the Company ensures the delivery of water, which is a fundamental need of its consumers.

All dealers are regularly audited by Pınar Su ve İçecek’s quality team within the framework of legal standards, taking into account the requirements of the water industry. Visits made by sales and quality teams aim to continuously improve service quality while acting as a bridge between dealers and end users.

The Pınar Su ve İçecek Contact Center at 444 99 00 provides fast and effective solutions to users’ inquiries, requests, and complaints seven days a week. The call center aims to continuously improve customer satisfaction by managing the information and request flow between the Company and end users, as well as dealers and end users. Moreover, the Company aims to reduce the call load, provide much faster solutions to incoming requests, and receive feedback by allowing orders to be placed on the WhatsApp Support line. The long-term goal is to be able to receive orders from all platforms under the Meta umbrella.

Pınar Su ve İçecek Family

Pınar Su ve İçecek, which draws its strength from its qualified employees, continued its innovative Human Resources practices throughout the year by supporting employees with training programs and various activities to boost employee motivation.

HUMAN RIGHTS AND EMPLOYEE RIGHTS

Pınar Su ve İçecek, a member of Yaşar Group, manages its human resources policy to employ an innovative, highly motivated and high 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. As in all its activities, Pınar Su ve İçecek pursues a human resources management approach in line with universal principles. 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 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 the light of the principle of "Science, Unity, Success," Pınar Su ve İçecek 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 science-based developments, adopt 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 support their personal and professional development. The Company participates in projects that support the development of its employees at all levels, from new hires to senior management, through programs such as talent management, development, and mentoring provided within the Group.

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 Turkey. The principles and policies are included in the Business Ethics Guidelines as company policies and in the collective bargaining agreements of the companies. They are also made public on the corporate website. Accordingly, Pınar Su ve İçecek, which values informing its employees on the environment, society, and governance, leveraging the strength it gains from Yaşar Group, continued to organize training programs throughout the year to raise awareness. The Yaşar Group vision was shared with all employees in these training programs.

Pınar Su ve İçecek adopts the latest internationally accepted Human Resources practices that fit its corporate culture and implements them actively and effectively. Considering a qualified workforce to be the basis of sustainable growth and quality production, the Company continuously supports employee development through such practices. In turn, the Company contributes to the economy with its qualified, creative, innovative, highly motivated, and high-performing workforce and increasing employment opportunities.

Pınar Su ve İçecek, which continuously analyzes employee needs, creates value, and implements a management policy that allows for rapid adaptation to changing conditions in Human Resources, continued its operations with an average of 393 employees, 31% of whom were women, in 2023. The ratio of women in management positions is 26%.

The Company greatly values technical and personal development training for its employees, providing 4,298.5 hours of training in total and 11.4 hours of training per employee. Pınar Su ve İçecek provided 3.3 hours of OHS training per employee in line with its priority of creating a healthy and safe environment, reducing accidents, and increasing the level of knowledge and awareness. In 2022 and 2023, there were no cases of occupational accidents resulting in serious injury or occupational diseases at any of Pınar Su and İçecek's workplaces.



You can access detailed information about Pınar Su ve İçecek's Human Resources Policies by scanning the QR Code on your phone.

Training to Improve Competency

- The “Competition Law Compliance” program was launched. Competition Law awareness training was provided as part of the program.
- OHS, Information Security, and LPPD training was provided through the “Digital Training System.”
- The training programs covered important topics such as the Code of Ethics, Food Safety, Environment and Energy Management System, Safe Use of Chemicals, Pest Control, Combating Infectious Diseases, General Hygiene, and Customer Satisfaction.

Discovering the Human Resources of the Future

Pınar Su ve İçecek met with students and graduates at the Career Days held at Yaşar University to strengthen and expand its candidate pool. Company officials answered students' questions and helped them plan their future.

Pınar Su ve İçecek offers various opportunities to the human resources of the future and discovers new talents. In this context, the Company continued to collaborate with various universities throughout 2023 to offer internship opportunities for students to experience business life.

The Pınar Su ve İçecek Family joyfully celebrated the 100th Anniversary of the Turkish Republic with various events.

100th Anniversary Senior Employee Appreciation Ceremony

The annual “Senior Employee Appreciation” ceremony for the employees of Yaşar Group companies was combined with the celebrations of the 100th Anniversary of the Republic in 2023. Yaşar Group's senior management and Pınar Su ve İçecek employees celebrated this event enthusiastically with flags and anthems.

Great Interest in the Movie “Atatürk”

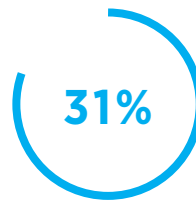
Pınar Su ve İçecek employees watched the movie “Atatürk,” released on the occasion of the 100th Anniversary of the Turkish Republic and which portrays the great statesman's life. The Pınar team showed great interest in the event, which aimed to commemorate the great leader Atatürk, the founder of the Turkish Republic, uniquely and more interestingly as the Republic celebrated its centenary.

TOTAL TRAINING HOURS IN 2023

4,298.5 HOURS

AVERAGE NUMBER OF EMPLOYEES THROUGHOUT THE YEAR

393 EMPLOYEES

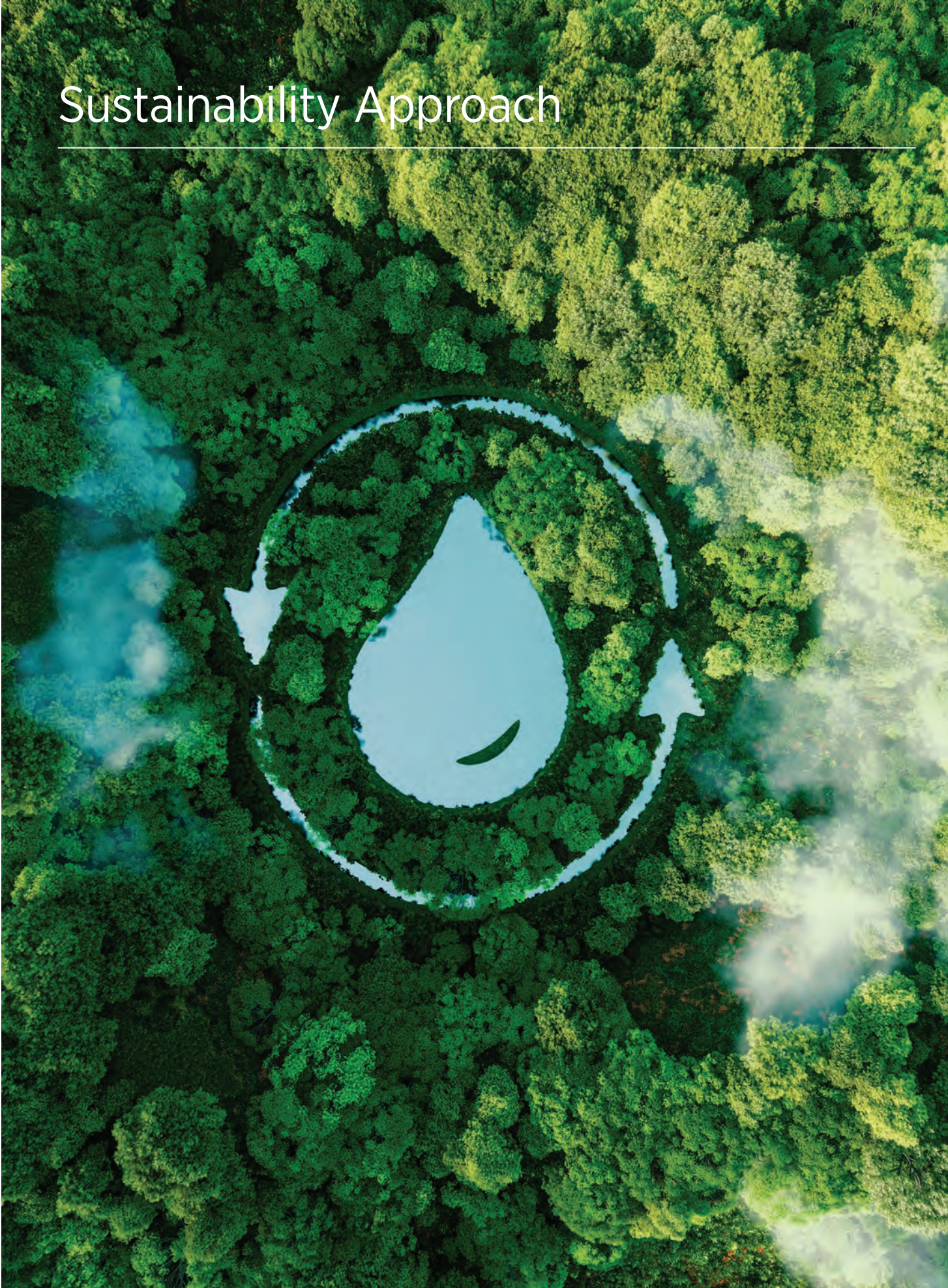


RATE OF FEMALE
EMPLOYEES



EMPLOYEE
TURNOVER RATE

Sustainability Approach



Pınar Su ve İçecek prioritizes “combating climate change” and “water conservation” in its sustainability efforts and ensures the efficient use of natural resources through energy efficiency, water management, and packaging reduction efforts.

Pınar Su ve İçecek manages sustainability within the framework of Yaşar Group's policies on this issue and with the aim of promoting improvement in the industry. The Company reflects the Group's understanding of “taking good care of all its stakeholders for a better life” in all its processes, from supply to sales. The sustainability strategy of Yaşar Group, the parent company of Pınar Su ve İçecek, is geared towards the welfare of all stakeholders to provide them with a better life. The activities of individual Group companies serve the Sustainable Development Goals.

The information about and data of Pınar Su ve İçecek are included in the reports prepared in line with the basic standards of the Global Reporting Initiative (GRI), where Yaşar Holding has been sharing its sustainability performance with the public since 2009, having signed the United Nations Global Compact (UNGC) in 2007. In the Yaşar 2022 Sustainability Report, the eleventh such Yaşar Group report, and published under the “for a better life, guided by nature” theme, the sustainability model and performance results 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 also includes Pınar Su ve İçecek's data, and 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).

The greenhouse gas emission, water, and waste data monitored annually through Pınar Su ve İçecek's sustainability efforts are included in the Yaşar Sustainability Report. Meanwhile, the emission factors used in the carbon footprint calculations presented in Scope-1 and Scope-2 detail are taken from the Turkish National Inventory Report (TR NIR) published in the UN Climate Change (UNCC).

Yaşar Holding has a Sustainability Committee, a Climate Crisis Working Group, and the “We Live Equally” Gender Equality Working Group established under the committee. The Yaşar Holding Sustainability Committee, where all Group companies are represented by Sustainability Leaders, ensures coordination in this field throughout the Group,

monitors progress towards achieving sustainability goals, and leads the improvement 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 Sustainable Development Policy by ensuring that sustainability efforts are carried out in line with priorities.

Pınar Su ve İçecek, a subsidiary of Yaşar Group, also continues to carry out sustainability studies within the framework of the priorities set in coordination with the Sustainability Committee established with the participation of Company employees. The Committee works towards the implementation of strategies, the achievement of objectives, and the dissemination of the sustainability approach throughout the Company. The Sustainability Committee of Pınar Su ve İçecek, which is also responsible for the execution of the Environmental, Social, and Corporate Governance Policies, plays an active role in many studies throughout the year. Committee Leaders monitor the performance indicators determined to achieve the targets and ensure the coordination of the annual sustainability report. The Climate Crisis and Gender Equality working groups established under the Committee continue to work towards sustainability.

Pınar Su ve İçecek, which closely follows the developments related to the climate crisis, considers the crisis a significant risk of socio-economic and environmental impact.

Continuing efforts to reduce its carbon footprint and energy density through risk assessments performed throughout the entire value chain, the Company observes the balance of natural resource use and protection in awareness of its ecological footprint, especially its carbon and water footprint.

Pınar Su ve İçecek 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 the plastics used are recyclable through its practices in these fields. Pınar Su ve İçecek

reduced the use of PE materials (stretch film, nylon on pallets, etc.) in the production of bottled water and beverages by 7.9% to 23.2% in different product groups compared to the previous year and reduced the use of PET materials by 4.4% in the high-volume product group compared to the previous year.

As a requirement of Yaşar Group's holistic sustainability approach, the Company aims to improve and develop the entire value chain from raw material supply to delivery to the consumer. Beyond its own corporate structure, operation, and products, the Company considers it a responsibility to spread its understanding of sustainability to the suppliers with which it interacts. The Company continues to take action in step with the targets set out rigorously for each area in its sustainability studies and to expand its field of influence by sharing these studies with its suppliers and including suppliers in them. By adopting the policy of "managing the environmental, social and economic impacts of products and services throughout the life cycle and promoting good practices," the Company's supplier policy aims to develop and strengthen the solid bond

established with the stakeholders on the supplier map within the scope of this policy.

In the selection of suppliers and business partners, which are among the most important parts of the value chain, the Company prioritizes compliance with quality, food safety, environmental, occupational health, and safety standards within the framework of the "Pinar Supplier Principles Guide," takes into account compliance with Yaşar Group's corporate values and sustainability approach, public health and environmental responsibilities, and aims to contribute to a sustainable future in its supplier relations management.

The "Yaşar Sustainability Competition," launched in 2016, and the "Yaşar Sustainability Day," the first of which was organized in 2018, encourage the implementation of projects in line with sustainability goals, while the training programs offered throughout the year ensure that sustainability awareness is established and disseminated among Pinar Süt employees, as well as all Group companies.

SUSTAINABILITY EFFORTS



OUR VISION

Our goal is to increase the value of our brand and become a global brand, and our core principle is to ensure that our customers enjoy our products safely, in good health, and with pleasure.



OUR MISSION

Our mission is to bring our natural spring water and beverage products to our consumers with a focus on customer satisfaction, operational excellence, human resources, sustainable environmental awareness, energy efficiency, and ethical values, and with a responsible production approach to facilitate our customers' lives and ensure they enjoy every moment.

Pinar Su ve İçecek's sustainability efforts prioritize "climate change and energy management," "water and wastewater management," and "circular economy and waste management," which it recognizes as today's rather than tomorrow's problem. As such, the Company aims to measure and improve its environmental impact and contribute to the conservation of natural resources in line with these priorities. With its "science-based target setting" approach in combatting the global climate crisis, all business processes of Pinar Su ve İçecek are designed to minimize its environmental impact. Pinar Su ve İçecek has developed its Social Responsibility Policy, taking into account these priorities, and disclosed the Policy to the public on its website. The Company develops its sustainability model, which guides its sustainability strategy and mode of doing business, sets its environmental, social, and governance (ESG) targets under the guidance of Yaşar Group Sustainability Principles, and reports them in the Yaşar Group Sustainability Report.

Climate Change and Energy Management

Operating in an industry that experiences the effects of the climate crisis directly and is of vital importance for the future of the world, Pınar Su ve İçecek implements projects to reduce greenhouse gas emissions, aware of its responsibility as the pioneer and leader of its industry. The Company conducts risk assessments throughout its value chain, and works are underway to reduce its carbon footprint and energy density. As part of its "science-based target setting" strategy in combatting the climate crisis, the Company regularly measures greenhouse gases, works to ensure energy efficiency, and strives to reduce greenhouse gas emissions by setting clear, transparent, science-based, and comprehensive targets towards becoming carbon neutral. Carbon Footprint Teams and Leaders have been working on the measurement, reduction, and reporting of carbon footprint since 2010, closely monitoring changes in the calculation systematics and updating data and information according to national and international standards. Pınar Su ve İçecek continued to work on updating its ESG criteria and "science-based targets" according to different indices in 2023. The Company is proceeding in line with Türkiye's target of carbon neutrality by 2053. It is taking steps to minimize the environmental impact of all its business processes within the scope of the UN Sustainable Development Goals and the EU Green Deal at the international level.

Announcing its goal of becoming a carbon-neutral organization by 2050, Pınar Su ve İçecek has reduced its greenhouse gas emission intensity by 15.3% compared to the baseline year 2010 through energy efficiency, energy saving, and operational improvement efforts throughout the year to curb and prevent greenhouse gas emissions from industrial processes and domestic energy consumption. The reduction in electricity consumption per unit of production compared to the baseline year was 16.5%.

Compared to the previous year, the Company reduced the total amount of electrical energy consumed in the carboy production line at its Bursa facility by 16.2%, the total amount of LNG consumed by 39%, and the amount of LNG consumed per unit product by 24.5%, resulting in a 31.6% reduction in the total amount of energy consumed in this line. The total amount of energy consumed per unit of production at the Bursa facility was reduced by 15.3% in the carboy line and 1.8% in the PET line compared to the previous year. The electrical energy consumed per unit of production at the Sakarya facility was reduced by 3.63% compared to the previous year.

Pınar Su ve İçecek aims to reduce its electrical energy consumption per unit ton of product by 5% in 2024 compared to the previous year. The greenhouse gas emission intensity reduction target is 10% compared to the previous year and 23.7% compared to the baseline year.

In the carbon emission offsetting process, carbon emissions calculated as a result of the transportation of its products by land and sea were also considered, as well as the industrial and domestic energy consumption arising from the production process. The carbon credits used in the carbon emission offsetting process in 2023 were provided by Verra, the international organization that developed the Verified Carbon Standard (VCS) for the voluntary carbon market.

Pınar Su ve İçecek aims to implement energy efficiency, energy saving, and operational improvement projects to reduce and prevent greenhouse gas emissions from industrial processes and domestic energy consumption and to establish a rooftop solar power plant to reduce greenhouse gas emissions, especially from electricity consumption. Compared to 2023, Pınar Su ve İçecek aims to reduce its total carbon emissions by 20% by 2030.

The Company aims to reduce the total amount of energy consumed per unit ton of product by 7.5% compared to 2022 by reducing the consumption of LNG used in the process boiler of the carboy lines, optimally loading the blow molding compressors in PET lines based on the air consumption required for production and automation-based projects for compressor selection, and implementing projects to reduce the electrical energy consumed in production facilities, offices, and perimeter lighting, and by using renewable energy sources.

Water and Wastewater Management

By considering the results of risk analyses on the impacts of climate change on water resources, Pınar Su ve İçecek is committed to responsible water management based on the sustainability of water resources and a conservation-utilization balance through multiple water resource management, participating in public and sector activities for the protection of water resources, reducing seepage loss, implementing projects for the recovery of wastewater and increasing water efficiency, and taking measures to prevent pollutants from entering the water throughout the production chain.

As part of efforts pertaining to the effective management and sustainability of water resources and the ecosystem, in drafting production plans, the Company monitors the volume,

variability and amount of water taken into production with flow meters, and prioritizes the preservation of the sustainable structure of natural resources by analyzing the data on water amount.

Pınar Su ve İçecek follows national and international standards and policies as part of its responsible water management and continues its efficiency efforts to ensure that water consumption is under control in all operational processes. The Company implements methods to minimize the use of natural resources per TSE EN ISO 14001 Environmental Management System standards. It works to prevent pollution at the source and reduce water use. The Company takes corrective actions in this direction, develops water-saving projects, and provides training to raise employee awareness.

To protect, control, and use identified water sources in terms of quantity and quality within the framework of a general plan, the Company works with an expert team of geological engineers in two regions. Wastewater management at Pınar Su ve İçecek facilities is performed under the conditions set out in the Ministry of Environment's Water Pollution Control Regulation, Waste Water Discharge Standards, and the Communiqué on Technical Procedures for Waste Water Treatment Plants. Wastewater from the biological and industrial activities of the facilities is discharged back to nature after treatment and verification by analysis. Pınar Su ve İçecek ensures the efficient use of natural water sources by using well water as process water (washing and rinsing water) when possible. In addition, the Company minimizes the amount of water used in the cleaning and disinfection of the production lines. It reduces its water footprint with closed-circuit disinfection applications based on automation.

As a result of these projects, the Company reduced the total amount of wastewater by 8% compared to the previous year and by 8.6% per unit of production in 2023. On a facility basis, the total amount of wastewater was reduced by 24.7% at the Aydın facility, and the amount of wastewater generated per unit product was reduced by 18.2% compared to the previous year. The total amount of wastewater was reduced by 1.3% at the Bursa facility, and the amount of wastewater generated per unit product was reduced by 4.7% compared to the previous year. The total amount of wastewater was reduced by 14.6% at the Sakarya facility, and the amount of wastewater generated per unit product was reduced by 21% compared to the previous year.

Pınar Su ve İçecek aims to reduce the total amount of wastewater by 2% in 2024 compared to the previous year.

Circular Economy and Waste Management

Pınar Su ve İçecek focuses on sustainability in all its processes, from the use of raw materials in production to waste generation. In this context, the Company supports the conservation of natural resources to ensure business continuity in line with its environmental awareness. The Company adopts circular business models that place effective waste management at the core, where waste is recycled or reintroduced into the production process.

Waste generated as a result of production activities is managed with the Waste Management System in compliance with regulations and good environmental practices. The Waste Management System is implemented as a sustainable management system that includes the reduction of waste at its source, recycling and reuse of generated waste, as well as the disposal of non-recyclable waste in a safe and eco-friendly manner. As part of its Waste Management System, the Company identifies the waste type, collects waste separately at the source, and temporarily stores and delivers waste to the relevant licensed recovery facilities.

Pınar Su ve İçecek, which has a Zero Waste Certificate issued by the Turkish Ministry of Environment, Urbanization, and Climate Change for all its production facilities, also continues its activities with Zero Waste projects. In this context, the Company implements projects to expand the circular economy by recycling the waste generated during the production process, recycling packaging waste, optimizing packaging weight, and using materials that generate minimum waste. Through these efforts, packaging waste is reduced at its source by eliminating excessive packaging and reducing complex packaging.

As a result of technological investments and R&D studies, Pınar Su ve İçecek, which has been working on polyethylene terephthalate (PET) packaging weight optimization since 2011, achieved a 4.4% plastic reduction in the high-volume PET product group in 2023 compared to 2022.

Optimization efforts related to the shrink packaging (outer packaging that allows bottles to be packaged together) of products in 2023 resulted in 15.1% to 24.2% less plastic use per unit product in the beverage group. As a result of the improvement works carried out to reduce shrink packaging in the water product group, the amount used per unit product was reduced by 7.9% to 23.2%. These efforts resulted in a reduction of 3.6 tons of plastic at its source.



Changes in the paper quality and dimensions of the separator material (cardboard spacers) used in product pallets resulted in a 4% reduction per pallet of products in certain product groups.

Pınar Su ve İçecek aims to reduce the amount of plastic used per unit product by 5% and the amount of paper used by 3% in 2024 compared to the previous year.

As part of the Deposit Management System, which has been implemented on a national scale for certain product groups by the Turkish Ministry of Environment, Urbanization, and Climate Change to support circular economy and zero waste systems and to prevent environmental pollution, Pınar Su ve İçecek participated in public-sector works throughout the year for the effective operation of this system. The Company considers supporting projects on “raising consumer awareness and promoting sustainable consumption” on the correct separation, collection, and delivery of food packaging by consumers to be a priority issue.

In 2023, there were no negative impacts or environmental accidents arising from waste generated during operational processes.



Documents and Certificates

- TSE ISO EN 9000 - Quality Management System Certificate
- TSE ISO EN 14000 - Environmental Management System Certificate
- TSE ISO EN 22000 - Food Safety Management System Certificate
- TS EN ISO 45001 Occupational Health and Safety Management System Standard
- NSF International - International Health and Food Safety Compliance Certificate
- BRC (British Retail Consortium) British Food Safety Certificate of Conformity
- TS 266 - Waters - (For Human Consumption) - Certificate of Conformity to Turkish Standards
- TS OIC SMIIC 1 - Halal Certificate
- GSO 987 - Certificate of Conformity to United Arab Emirates Quality Standards
- IMS CERTIFICATE - Certificate of Conformity to the United Arab Emirates Industrial Measurement Standards
- VEGETARIAN CERTIFICATE - European Vegan and Vegetarian Standards Certificate of Conformity
- Carbon Neutral Certificate
- Zero Waste Certificate

Corporate Social Responsibility

Pınar Su ve İçecek prioritized activities for children who are tomorrow's adults and supported social progress in many fields, from sports to the arts, in 2023.

PINAR CHILDREN'S THEATER

Pınar Children's Theater has reached more than three million children free of charge throughout Türkiye in the 36 years since its establishment. Pınar Children's Theater, which contributes to the cultural and personal development of children with every play staged, also serves as an effective school that has produced numerous celebrated actors in this art form. 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 Republic's centenary in 2023. The play "Little Girl and the Republic" explains the values of the Republic, revolution, science, and the arts through the eyes of children with the characters from a museum who come to life. The play emphasizes the importance of hard work, hope, and determination for the future. The play, which emphasizes how much Atatürk valued the Republic and its children, raises awareness among new generations. Little Girl and the Republic presents such values in an interesting format in the play by complementing them with songs, dance, and other visuals.

Pınar Children's Theater's older plays 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 COMPETITION

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 seven regions of Türkiye participated in the competition, which was organized under the theme of "The Republic for Me" in honor of the 100th Anniversary of the Republic. Little painters painted on the themes of "The Republic" and "Hope" in the competition.

Seven students won bicycles, and seven won Bluetooth headsets in each region. Meanwhile, three students won bicycles, and three won Bluetooth headsets in the special category for the region struck by the earthquake. In addition, all successful students in the competition were rewarded with professional painting kits and materials. Six students received a one-year scholarship through the 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 to art lovers in the foyer of Yaşar University.



You can access the Virtual Magazine of the 42nd Pınar Children's Painting Competition, which is still available 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, the Pinar Children's Painting Workshop, organized as part of the "42nd International Pinar Children's Painting Competition" in 2023, helped deliver some joy to disaster-affected children in the earthquake zone. The workshops, organized in 20 tent and container cities, brought thousands of children together through the art of painting. The works of the little painters participating in the workshops were also judged 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 Su ve İçecek, through Yaşar Education and Culture Foundation and in cooperation with the Educational Volunteers Foundation of Türkiye (TEGV), undertook a journey to support children's education in the earthquake zone. Pinar Su ve İçecek aims to reach those children and help them discover science by opening a new TEGV Firefly Learning Unit. Firefly Designers and Inventors met with children in Adıyaman, the first stop. Following Adıyaman, Pinar Su ve İçecek will continue to meet with children in other provinces affected by the earthquake, with 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 and 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 problems they face in real life.

SUPPORT FOR SPORTS

Pinar Su ve İçecek continues to contribute to sports under the "Pinar" brand with a corporate culture approach focused on "Social Citizenship." Under the leadership of Selçuk Yaşar, Founder of Yaşar Holding and Honorary President of the Group until his passing in February 2023, Pinar has been contributing to the ideal of creating a healthy society, notably 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 contributes to events in different sports branches.

Pinar KSK

Yaşar Holding continues to support the Pinar Karşıyaka Basketball Team, named after the Pinar brand. The aim is 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 Turkish Basketball Cup Championship, Turkish Basketball Presidential Cup Championship, and Turkish Basketball League Championship are among Pinar Karşıyaka's recent achievements. To date, Pinar Karşıyaka has successfully represented our country in international organizations such as the Turkish Airlines EuroLeague, 7DAYS EuroCup, FIBA Champions League, and FIBA Europe Cup.

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

Pinar Cup Tournament

The Pinar Cup Tournament organized as an annual tradition on behalf of Pinar Karşıyaka, was held on 21-23 September 2022 at İzmir Mustafa Kemal Atatürk Karşıyaka Stadium. In addition to Pinar Karşıyaka, Manisa BŞB, and Ukrainian team Prometey competed fiercely. 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 [here](#).

SOCIAL MEDIA POSTS TO INFORM THE PUBLIC

Pinar contributes to public awareness by providing families with useful and up-to-date information on mother-child communication through its X, Instagram, Facebook accounts, and YouTube channel "Pinar la Yaşam." Pinar also informs young people on issues such as sports and environmental awareness through its social media accounts. In this manner, Pinar, which also includes Social Responsibility and sustainability issues in its accounts, aims to bring together different target groups. It supports the artistic development of children by organizing workshops for them on its Instagram accounts.

COLLABORATION WITH LÖSEV

The "Cancer Awareness and LÖSEV Promotion Seminar" was organized at Pinar Su ve İçecek's Headquarters for "November 2-8 Children with Leukemia Week." The LÖSEV team informed employees about types of cancer as well as prevention and treatment methods. In addition, Pinar employees contributed to the Foundation by purchasing products exhibited at the LÖSEV stand.

CORPORATE MANAGEMENT PRACTICES AND FINANCIAL INFORMATION

Yönetim Kurulu

E. Feyhan Yaşar

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, SETBİR 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.

İdil Yiğitbaşı

Vice 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 Izmir 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 (EĞİAD), 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).

Nalan Erkarakaş**Independent Board Member**

Having graduated from the Department of Economics and Finance, Faculty of Political Sciences, Ankara University, Nalan Erkarakaş started her career as an Expert at the Capital Markets Board and completed the Capital Markets Certificate Program at the Wharton School, Philadelphia in the same period. Nalan Erkarakaş, who subsequently served as the Deputy Financial Coordinator of Çimento İzmir Çimento Fabrikası T.A.Ş., the Deputy General Manager of the Investment Banking Branch of Kentbank A.Ş., General Manager and Board Member of Kent Yatırım ve Menkul Değerler A.Ş., and Capital Markets Group Chair of the Ciner Group, also served as the Chairperson of the Board of Directors of Park Elektrik ve Madencilik San. ve Tic. A.Ş., and as a Board Member at Ciner Group companies operating in various industries. Having joined Grant Thornton Turkey as a Partner in 2018, Nalan Erkarakaş is an Independent Board Member at various publicly traded companies and TOBB Capital Markets Assembly Member, Member of the Stock Exchange Intermediary Institutions Managers' Association, Member of the Young Businessmen's Association of Turkey, the Chairperson of the Board of Directors of the Listed Partnership Managers Association

(KOTEDER), and a Board Member at Sedefed Federation of Sectoral Associations. In addition, she is the Vice Chairperson of the Board of Directors of KORUNCUK Turkey Foundation for Children in Need of Protection and a Member of the Istanbul Branch of the Mülkiyeliler Association. Nalan Erkarakaş, whose articles and columns are published in various newspapers and magazines and whose research reports are published by the Capital Markets Board, was named Manager of the Year by GİYAD and Successful Businesswoman of the Year by the 'Dünya' Newspaper.

Damla Tolga Birol**Independent Board Member**

Damla Birol completed her high school education at Robert College in Istanbul, and then completed the Business Administration Department at Boğaziçi University and received her MBA degree from Indiana University by qualifying for a Fullbright scholarship. Birol started her career as a Product Manager at Procter & Gamble Canada in Toronto and then worked as a Marketing Manager at Procter & Gamble Turkey. Later, she worked as a Sales and Marketing Directorate at Emsan Holding and as a consultant for companies such as Pınar, Pamukbank, and Türk Spot Net. Birol started working at Türk Tuborg as the Vice President of Marketing in 2003 and later worked as the Vice President of Sales and Marketing and Deputy CEO of the same company in the following years. She has been serving as the CEO of Türk Tuborg A.Ş. since 2007 and a member of the Board of Directors since 2012. (Türk Tuborg produces beer brands such as Tuborg Gold, Carlsberg, and Frederik, and imports brands such as Sol, Weihestephan, Guinness, and Kronenbourg.) In addition to her duties at Türk Tuborg, Damla Birol is a member of the Board of Directors of Doğan Egmont Publishing and Production, the Istanbul Museum of Modern Art, Pınar Su ve İçecek, Dyo Boya ve Eti Gıda. Damla Birol is also a member of the Board of Directors of the Women on Board Association Turkey and the YenidenBiz Association, which supports the empowerment of women in business life, a Board Member of YASED, and a member of TUSIAD. She has 30 years of experience in Sales, Marketing, Branding, and Demand Growth, Focusing Large Teams on the Goal, Creating Excellent Applications in the Field, Supply Chain, Corporate Governance, General Management, and M&A in different industries.

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.

Hakkı Hikmet Altan
Board Member

Hakkı Hikmet Altan graduated from the Department of Business Administration, Middle East Technical University in 1985. Altan worked at Yaşar Group companies Desa and Pınar-Cargill between 1985 and 1988 and worked as Finance and Financial Affairs Manager at tourism and foreign trade companies outside Yaşar Group from 1989. He returned to the Yaşar Group in 1993. He worked as Assistant Deputy General Manager at Yaşar International Textile Company and Yaşar Foreign Trade Company. In 2001, he was appointed Finance Coordinator of Yaşar Holding. From 2007 to 2009, he served as the Deputy President responsible for Yaşar Group Foreign Trade Companies. Altan served as the CFO between March 2009 and April 2021 and continued to work at Foreign Trade Companies in addition to this position. During the execution of his duties, he was also a Member of the Board of Directors of various Yaşar Group companies. Hakkı Hikmet Altan, who continues to serve as a Member of the Board of Directors of Yaşar Holding A.Ş. and other Group companies, also serves in various non-governmental organizations.

Hüseyin Karamehmetoğlu
Board Member

Hüseyin Karamehmetoğlu graduated from the Department of Business Administration, Hacettepe University in 1991. He started his career as a Salesperson at Unilever A.Ş. in 1990. Karamehmetoğlu joined Yaşar Group in 1993 as a Sales Manager at YAPAS A.Ş. and served as a Sales Supervisor, Assistant Regional Manager, Yaşar Birleşik Pazarlama's Ankara Regional Manager between September 1999 and November 2002, Eastern Regions Sales Director between November 2002 and December 2010, and Pınar Su ve İçecek's General Manager between December 2010 and March 2023. He served as a Board Member of ÇEVKO Foundation between 2012 and 2021, as a Board Member of SUDER (Association of Bottled Water Producers) between the same years, and as the Chairperson of the Board of Directors of SUDER for the 11th and 12th terms between 2021 and 2023. Hüseyin Karamehmetoğlu has been a Board Member of Pınar Su ve İçecek since March 2023, and the General Manager of Yaşar Birleşik Pazarlama A.Ş. since December 2023.

In the 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 in other Group companies, and various transactions between these companies can be evaluated within the scope of Article 395/1 of the TCC. However, the parties to the transactions in 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, the framework under which the risk management activities should be carried out, as well as 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.

The Company's Risk Management Policy

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 to 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

Extraordinary General Assembly Meetings Held During the Year, if any

The Company's Ordinary General Meeting 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 make donations to foundations established for various purposes and to such persons and/or institutions within the limits set by Capital Markets Board regulations on the subject. In 2023, the Company made donations and financial assistance in the amount of TRY 738,147 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

No lawsuit was filed against the Company in 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 and senior management are determined within the framework of the Remuneration Policy posted on our website. The total amount of wages and similar payments provided to the Members of the Board of Directors and senior executives in the twelve months ending on 31.12.2023 is TRY 6,686,032.17.

Disclosures Regarding Independent and Public Audit During the Fiscal Period

In 2023, our Company was audited by the Turkish Ministry of Trade, Izmir Provincial Directorate of Trade, and the Competition Authority. The audits by the Turkish Ministry of Trade and the Izmir Provincial Directorate of Trade have been finalized, and the investigation process initiated by the Competition Authority is ongoing.

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 1,121,024.600 and the issued capital of TRY 94,762,708.45 are excessively protected.

Voting Rights and Minority Interests

There is no privilege on voting rights.

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. Without prejudice to the provisions of the legislation and Articles of Association, voting at the General Assembly Meeting is held openly and by a raising of hands. Each share has one voting right. Upon the request of the shareholders, the voting method is determined by the General Assembly.

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 require 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 45 times during the activity period. Usually, all members attend the meetings. Damages to be inflicted on 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

Within 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.

Mrs. Nalan Erkarakaş is the Chairperson of the Audit Committee, and Mrs. Damla Tolga Birol is the Committee Member. 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 Audit Committee activities, information on the operations of the Company and internal control systems was obtained from Company executives. In contrast, 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, 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. Nalan Erkarakaş, and the Committee Members are non-executive and independent board member Mrs. Damla Tolga Birol, non-executive board member Mr. Yılmaz Gökoğlu, and the Director of the Investor Relations Department Mr. Onur Öztürk. Corporate Governance Committee meetings are

held at least once every three 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, and 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 the 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 to properly manage risks. The Committee Chairperson is non-executive and non-affiliated board member Mrs. Damla Tolga Birol, and the Committee Members are non-executive and non-affiliated board member Mrs. Nalan Erkarakaş and non-executive board member Mr. Hakkı Hikmet Altan.

In the evaluation made by the Company's Board of Directors, all Company committees are established per the legislation, activities are carried out effectively within the framework of the working principles previously established and published on our Company's website, a sufficient number of meetings are held periodically during the year and as a result of these meetings, the Audit Committee ensures the supervision of the Company's accounting system and financial information and the effectiveness of its disclosure to the public, and regularly submits its findings, opinions and suggestions on this matter to the Company's Board of Directors. It has been evaluated that the Early Detection of Risk Committee has reviewed the effectiveness of internal control and risk management processes as well as the structure of early warning systems and identified the risks.

Strategic Company Objectives

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 Profit Distribution Policy of Pınar Su ve İçecek Sanayi ve Ticaret A.Ş. for 2013 and subsequent years, which was prepared in line with Capital Market Legislation, was submitted for the approval of the Ordinary General Assembly of 2013 and disclosed to the public. The said information available on the Company's corporate website (www.pinarsu.com.tr) can be accessed in Turkish and English on the Investor Relations page.

AGENDA

AGENDA FOR THE ORDINARY MEETING OF THE GENERAL ASSEMBLY HELD ON 30 MAY 2024

1. Opening and election of the Meeting Chair,
2. Authorizing the Meeting Chair to sign the General Assembly Meeting Minutes,
3. Reading, discussion and approval of the Annual Report for 2023 prepared by the Company's Board of Directors,4. Reading and discussion of the Independent Audit Report for the fiscal year 2023,
5. Reading, discussion and approval of the Financial Statements for the fiscal year 2023,
6. Approval of the membership of the member of the Board of Directors elected for the vacant seat on the Board of Directors,
7. Release of the members of the Board of Directors for the Company's activities in 2023,
8. Submission of the Independent Audit Firm selected by the Board of Directors for the approval of the General Assembly per the Turkish Commercial Code and Capital Markets Board regulations,9. Discussion and decision on the amendment of Article 6 of the Company's Articles of Association titled "Registered Capital," provided that the necessary permission is received from the Capital Markets Board and the Ministry of Trade,
10. Determination of the number and tenure of the members of the Board of Directors, election of the members as per the determined number, determination of the independent members of the Board of Directors,
11. Pursuant to Article 408 of the Turkish Commercial Code, determining the wages of the members of the Board of Directors and their rights such as per diem, bonuses and premiums,
12. Per Article 12 of Corporate Governance Communiqué numbered II-17.1 of the Capital Markets Board, providing information to the shareholders about the income and benefits obtained by the guarantees, pledges, mortgages and sureties given by our Company in favor of third parties,
13. Informing the shareholders about the donations made during the year and submitting the donation limit determined within the scope of Capital Market Legislation for the approval of the General Assembly,
14. Discussion and settlement on profit for the year,
15. Allowing the Members of the Board of Directors to make transactions per Articles 395 and 396 of the Turkish Commercial Code,
16. Wishes and opinions, closing.

DECLARATION OF NON-AFFILIATION

As an independent board member candidate in PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş. ("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.

Best Regards,

Damla TOLGA BİROL



DECLARATION OF NON-AFFILIATION

As an independent board member candidate in PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş. ("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.

Best Regards,

Nalan ERKARAKAŞ



STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES OF PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

a) PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş. (The “Company”) complied with all mandatory articles of Corporate Governance Principles in the Annex of the Corporate Governance Communiqué numbered II-17.1 published by the Capital Markets Board (CMB) during the operating period that ended on 31 December 2023.

b) Our Company strives to comply fully with the non-compulsory principles of Corporate Governance Principles. The justifications based on 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 our Company’s Articles of Association 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 stakeholders and the media to participate.

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.

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 two 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 Since there are two independent members on the Board of Directors of our Company, it is not possible for a board member to take part in only one committee.

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 is 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 on 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/1123-viking-kagit-ve-seluloz-a-s>).

The Sustainability Principles Compliance Report, which was prepared per the format specified by the CMB’s Communiqué on the Amendment of Corporate Governance Communiqué (II-17.1) on October 2, 2020 (II-17.1.a) and the addition of Sustainability Principles and Decision No. 34/977 dated June 23, 2022, is included in the Annual Report (pages 45-50) 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/1058-pinar-su-ve-icecek-sanayi-ve-ticaret-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 Su and Beverage, 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 (Pages 21-30) Risk Management (Pages 58-59, 60) https://yasar.com.tr/en/images/pdf/yasar-2021-en-sustainability-report.pdf Pınar Su ve İçecek 2023 Annual Report Sustainability Approach (Pages 26-31)
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 Our Sustainability Manifesto, Our Sustainable Development Policy (Pages 20-22) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Su ve İçecek Website https://eng.pinar.com.tr/aboutus/detail/Management-Systems-Policy/3258/39-4152/0 https://pinarsu.com.tr/Content/PINAR%20SU%20ve%20ICECEK_SOSYAL%20SORUMLULUK%20POLITIKASI.PDF
A1.2.	The short and long-term targets set within the scope of ESG policies have been disclosed to the public.		✓			Our target to achieve net zero carbon emissions by 2050 is available to public. Within the scope of the Business World Plastics Initiative (İş Dünyası Plastik Girişi - IPG), of which Yaşar Holding is a signatory, the targets for the use of plastic were announced. Other ESG targets are not available to public. It has determined and publicly disclosed reduction rates targets for carbon emissions, electrical energy use, waste water amount, and packaging waste amount.	Pınar Su ve İçecek 2023 Annual Report Sustainability Approach (Pages 26-31) IPG Plastics Commitments Report 2022 (Pages 124-125) https://plastikgirisimi.org/storage/uploads/reports/2022/plastik-taahhutleri-ilerleme-raporu-2022.pdf
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 Su Annual Reports.	Yaşar 2022 Sustainability Report Sustainability Management (Pages 25) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Su ve İçecek 2023 Annual Report Sustainability Approach (Pages 26-31)
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 Su Annual Reports.	Yaşar 2022 Sustainability Report Sustainability Management (Pages 25) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Su ve İçecek 2023 Annual Report Sustainability Approach (Pages 26-31)
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 Su Annual Reports.	Yaşar 2022 Sustainability Report Caring for Society (Pages 83-116) Caring for Environment (Pages 123-135) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Su ve İçecek 2023 Annual Report Sustainability Approach (Pages 26-31)
A2.3.	The Key ESG Performance Indicators (KPI) and the level of reaching these indicators have been disclosed to the public on yearly basis.		✓			Yaşar 2022 Sürdürülebilirlik Raporu'nda belirtilmektedir.	Yaşar 2022 Sustainability Report (Pages 75, 129, 131) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.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 Su Annual Reports.	Yaşar 2022 Sustainability Report (Pages 38-43) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Su ve İçecek 2023 Annual Report Sustainability Approach (Pages 26-31)
A3. Reporting							
A3.1.	The information about the sustainability performance, targets and actions have been given in annual reports of the Company in an understandable, accurate and sufficient manner.	✓				It is stated in Yaşar Holding Sustainability Reports and Pınar Su Annual Reports.	Yaşar 2022 Sustainability Report https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Su ve İçecek 2023 Annual Report Sustainability Approach (Pages 26-31)
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 Su Annual Reports.	Yaşar 2022 Sustainability Report Alignment with Sustainable Development Goals (Pages 23-24) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Su ve İçecek 2023 Annual Report Sustainability Approach (Pages 26-31)
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 the significant lawsuits filed against the Company is included in the Legal Disclosures in the Annual Report.	Pınar Su ve İçecek 2023 Annual Report Legal Disclosures (Pages 39-41)
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 is rated ratings by independent organizations based on corporate governance principles. Although sustainability studies in environmental and social areas and the resulting performance monitoring are carried out; no verification by an independent third party is performed on the data.	Yaşar 2022 Sustainability Report Corporate Governance (Pages 52) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Su ve İçecek 2023 Annual Report Senior Management and Committees (Pages 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 Su Annual Reports.	Yaşar 2022 Sustainability Report Caring for Environment (Pages 123-134) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Su ve İçecek 2023 Annual Report Sustainability Approach (Pages 26-31)
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.	Yaşar 2022 Sustainability Report About the 2022 Sustainability Report (Pages 3-4) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.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)
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).			✓		Environmental targets are available but not associated with the performance evaluation system.	Pınar Su ve İçecek 2023 Annual Report Sustainability Approach (Pages 26-31)
B5.	How the prioritised environmental issues have been integrated into business objectives and strategies has 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
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.	✓				It is stated in Yaşar Holding Sustainability Reports and Pınar Su Annual Reports.	Yaşar 2022 Sustainability Report Caring for Business Partners (Pages 83-116) Caring for Environment (Pages 123-134) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Su ve İçecek 2023 Annual Report Customers and Consumers (Pages 20-23)
B8.	Whether the Company have been involved to environmental related organizations and nongovernmental organizations' policy making processes and collaborations with these organizations has been disclosed.	✓				It is stated in Yaşar Holding Sustainability Reports and Pınar Su Annual Reports.	Yaşar 2022 Sustainability Report Caring for Business Partners (Pages 83-116) Caring for Environment (Pages 123-134) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Su ve İçecek 2023 Annual Report Customers and Consumers (Pages 20-23)
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 Su ve İçecek's efforts on greenhouse gas emissions, water footprint calculations, energy efficiency and waste management are included in the Annual Report. Greenhouse gas emissions on Scope 1 and Scope 2 are calculated, and the calculation of Scope 3 is work in progress.	Pınar Su ve İçecek 2023 Annual Report Sustainability Approach (Pages 26-31) Climate Changes and Energy Management (Pages 29)
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 Su Annual Reports.	Yaşar 2022 Sustainability Report About the 2022 Sustainability Report (Pages 3-4) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Su ve İçecek 2023 Annual Report Sustainability Approach (Pages 26-31)
B11.	The increase or decrease in Company's environmental indicators as of the reporting year has been comparatively disclosed with previous years.	✓				It is stated in 2023 Annual Report.	Pınar Su ve İçecek 2023 Annual Report Sustainability Approach (Pages 26-31)
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.	✓				Our target to achieve net zero carbon emissions by 2050 is available to public. Within the scope of the Business World Plastics Initiative (İş Dünyası Plastik Girişi - İPG), of which Yaşar Holding is a signatory, the targets for the use of plastic were announced. Other ESG targets are not available to public. It has determined and publicly disclosed reduction rates targets for carbon emissions, electrical energy use, waste water amount, and packaging waste amount.	Pınar Su ve İçecek 2023 Annual Report Sustainability Approach (Pages 26-31) İPG Plastics Commitments Report 2022 (Pages 124-125) https://plastikgirisimi.org/storage/uploads/reports/2022/plastik-taahhutleri-ilerleme-raporu-2022.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)
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 Pınar Su Annual Reports.	Yaşar 2022 Sustainability Report Caring for Environment (Pages 123-134) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Su ve İçecek 2023 Annual Report Sustainability Approach (Pages 26-31)
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 Pınar Su Annual Reports.	Yaşar 2022 Sustainability Report Caring for Environment (Pages 123-134) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Su ve İçecek 2023 Annual Report Sustainability Approach (Pages 26-31)
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 evaluations and audits.	Yaşar 2022 Sustainability Report Supply Chain Management (Pages 118) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Su ve İçecek 2023 Annual Report Supplier Relations (Pages 16)
B15.	The environmental benefits/ gains and cost savings of initiatives/projects that aims reducing environmental impacts have been disclosed.			✓		The environmental benefits are stated in Yaşar Holding Sustainability Reports and Pınar Su Annual Reports.	Yaşar 2022 Sustainability Report Caring for Environment (Pages 123-134) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Su ve İçecek 2023 Annual Report Sustainability Approach (Pages 26-31)
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 stated in 2023 Annual Report.	Pınar Su ve İçecek 2023 Annual Report Sustainability Approach (Pages 26-31)
B17.	The information related to production of electricity, heat, steam and cooling as of the reporting year has been disclosed.				✓	There is no electricity, heat, steam and cooling generation.	
B18.	The studies related to increase the use of renewable energy and transition to zero/ low carbon electricity have been conducted and disclosed.			✓		Although the transition to low-carbon electricity is work in progress, these works are not available to the public.	Yaşar 2022 Sustainability Report Climate Change and Energy Management (Pages 125,126-31,127) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf
B19.	The renewable energy production and usage data has been publicly disclosed.		✓			No renewable energy source was used within 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 Pınar Su Annual Reports.	Yaşar 2022 Sustainability Report Environment, Climate Change and Energy Management (Pages 37) Pınar Su ve İçecek Energy Consumption Reduction (Pages 125) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Su ve İçecek 2023 Annual Report Sustainability Approach (Pages 26-31)

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)
B21.	The water consumption, the amount, procedures and sources of recycled and discharged water from underground or above ground (if any), have been disclosed.			✓		Discharged water data is available to the public.	Yaşar 2022 Sustainability Report Water and Wastewater Management (Pages 29) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Su ve İçecek 2023 Annual Report Sustainability Approach (Pages 26-31)
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 the ETS and carbon pricing system.	
B23.	The information related to accumulated or purchased carbon credits within the reporting period has been disclosed.		✓			No carbon credits were saved or purchased during the 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 Holding Sustainability Reports.	Yaşar 2022 Sustainability Report Business Plastic Initiative (Pages 119) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf
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, Pınar Su Annual Reports and Pınar Su website.	Yaşar 2022 Sustainability Report Human Resources Approach (Pages 70) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Su ve İçecek 2023 Annual Report Pınar Su ve İçecek Family (Pages 24-25) Pınar Su ve İçecek Web site https://pinarsu.com.tr/Content/PINAR%20SU%20ve%20ICECEK_SOSYAL%20SORUMLULUK%20POLITIKASI.PDF
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, Pınar Su Annual Reports and Pınar Su website.	Yaşar 2022 Sustainability Report Caring For Employees (Pages 69-82) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Su ve İçecek 2023 Annual Report Pınar Su ve İçecek Family (Pages 24-25) Pınar Su ve İçecek Web site https://pinarsu.com.tr/Content/PINAR%20SU%20ve%20ICECEK_SOSYAL%20SORUMLULUK%20POLITIKASI.PDF Pınar Su ve İçecek Investor Relations Website Yaşar Group Code of Business Ethics https://yatirim.pinar.com.tr/UserFiles/YasaToplulugusEtigiKurallari-2021.pdf
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 Pınar Su Annual Reports.	Yaşar 2022 Sustainability Report Decent Working Conditions (Pages 75) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Su ve İçecek 2023 Annual Report Pınar Su ve İçecek Family (Pages 24-25)

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)
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 and Pınar Su Annual Reports.	Yaşar 2022 Sustainability Report Caring For Employees (Pages 69-82) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Su ve İçecek 2023 Annual Report Pınar Su ve İçecek Family (Pages 24-25) Pınar Su ve İçecek Web site https://pinarsu.com.tr/Content/PINAR%20SU%20ve%20ICECEK_SOSYAL%20SORUMLULUK%20POLITIKASI.PDF
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 Pınar Su Annual Reports.	Yaşar 2022 Sustainability Report Caring For Employees (Pages 69-82) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Su ve İçecek 2023 Annual Report Pınar Su ve İçecek Family (Pages 24-25)
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, Pınar Su Annual Reports and Pınar Su Investor Relations website.	Yaşar 2022 Sustainability Report Ethics and Compliance (Pages 55-56) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Su ve İçecek 2023 Annual Report Pınar Su ve İçecek Family (Pages 24-25) https://yatirim.pinarsu.com.tr/yatirim.aspx Pınar Su ve İçecek Investor Relations Web site Yaşar Group Code of Business Ethics https://yatirim.pinarsu.com.tr/UserFiles/KurumsalYonetim/IsEtigiKurallari/YasarToplulugIsEtigiKurallari.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 Pınar Su Annual Reports.	Yaşar 2022 Sustainability Report (Pages 77-81, 141) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Su ve İçecek 2023 Annual Report Pınar Su ve İçecek Family (Pages 24-25)
C1.6.	The occupational health and safety policies have been established and disclosed.	✓				It is stated in Yaşar Holding Sustainability Reports and Pınar Su Annual Reports.	Yaşar 2022 Sustainability Report (Pages 81) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Su ve İçecek 2023 Annual Report Pınar Su ve İçecek Family (Pages 24-25)
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 Pınar Su Annual Reports.	Yaşar 2022 Sustainability Report (Pages 81-82, 140) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Su ve İçecek 2023 Annual Report Pınar Su ve İçecek Family (Pages 24-25)
C1.7.	The personal data protection and data security policies have been established and disclosed.	✓				It is stated on the Pınar Su Web Site.	Pınar Su ve İçecek Web Site https://www.pinarsu.com.tr/en

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)
C1.8.	The ethics policy have been established and disclosed.	✓				It is stated in Yaşar Holding Sustainability Reports and Pınar Su Investor Relations website.	Yaşar 2022 Sustainability Report Ethics and Compliance (Pages 55-56) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Su ve İçecek 2023 Annual Report Pınar Su ve İçecek Family (Pages 24-25) https://yatirim.pinarsu.com.tr/yatirim.aspx Pınar Su ve İçecek Investor Relations Web site Yaşar Group Code of Business Ethics https://yatirim.pinarsu.com.tr/UserFiles/KurumsalYonetim/IsEtigiKurallari/YasarToplulugulsEtigiKurallari.pdf
C1.9.	The studies related to social investment, social responsibility, financial inclusivity and access to finance have been explained.			✓		Social investments are reported in Yaşar 2022 Sustainability Report and Annual Report of the company.	Yaşar 2022 Sustainability Report Caring for Society (Pages 83-116) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Su ve İçecek 2022 Annual Report Corporate Social Responsibility (Pages 32-33)
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 Pınar Su Annual Reports.	Yaşar 2022 Sustainability Report Caring for Society (Pages 112, 119) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Su ve İçecek 2023 Annual Report Pınar Su ve İçecek Family (Pages 24-25)
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 Pınar Su Annual Reports.	Yaşar 2022 Sustainability Report (Pages 85, 94-95) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Su ve İçecek 2023 Annual Report Pınar Su ve İçecek Consumers and Customers (Pages 20-23)
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 Pınar Su Investor Relations website.	Yaşar 2022 Sustainability Report Stakeholder Dialogue (Pages 59-61) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Su ve İçecek Investor Relations Web site Corporate Governance - Disclosure Policy https://yatirim.pinarsu.com.tr/yatirim
C2.3.	The international reporting standards that adopted in reporting have been explained.	✓				It is stated in Yaşar Holding Sustainability Reports and Pınar Su Annual Reports.	Yaşar 2022 Sustainability Report About the 2022 Sustainability Report (Pages 4, 142-149) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Su ve İçecek 2023 Annual Report Sustainability Approach (Pages 26-31)

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)
C2.4.	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 Su Annual Reports.	Yaşar 2022 Sustainability Report (Pages 4, 60-61, 119) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Su ve İçecek 2023 Annual Report Sustainability Approach (Pages 26-31)
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.			✓		Within the scope of Borsa İstanbul Sustainability Index, data was entered.	
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 the Yaşar 2022 Sustainability Report.	Yaşar 2022 Sustainability Report Sustainability Approach and Management (Pages 19-28) 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 Su Annual Reports.	Yaşar 2022 Sustainability Report (Pages 102-110) https://yasar.com.tr/en/images/pdf/Yasar_2022_Sustainability_Report.pdf Pınar Su ve İçecek 2023 Annual Report Corporate Social Responsibility (Pages 20-23)

STATEMENT OF RESPONSIBILITY

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

In accordance with 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 Turkey Accounting Standards/Turkey Financial Reporting Standards (IAS/IFRS) and format specified by the CMB in accordance with 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. 2024/10 and dated 07.05.2024 of Pınar Su ve İçecek Sanayi ve Ticaret A.Ş. prepared by our Company, which have been independently audited,

1. That they were examined by our Company,
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 the said reports were prepared per 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 SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

Nalan ERKARAKAŞ
Chairperson of the Audit Committee

Damla TOLGA BİROL
Member of the Audit Committee

Koral KALPAKLIOĞLU
General Manager



PINAR SU VE İÇECEK SANAYİ VE TİCARET 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 Su ve İçecek Sanayi ve Ticaret Anonim Şirketi

A) Audit of the Financial Statements

Opinion

We have audited the financial statements of Pınar Su ve İçecek Sanayi ve Ticaret 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 2.6.2 and 20 to the financial statements for summary of significant accounting policies and significant accounting estimates and assumptions for revenue recognition.

The key audit matter	<u>How the matter was addressed in our audit</u>
<p>The Company's main activity is water filling, pet bottle production, carbonated, still and fruit beverage production and water sales. The Company's revenue is recorded as soon as performance obligations regarding product sales are fulfilled.</p> <p>The Company has TL 1,207,501,651 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 and depends on the assessment of the transfer of control over the terms of the contract.</p> <p>Revenue recognition has been identified as a key audit matter, since recognition of revenue in the correct accounting period with accurate amount requires significant management judgement.</p>	<p>The audit procedures performed on this topic include the following:</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 existence of revenue was tested.- 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.



Recoverability of trade receivables from third parties

Refer to notes 2.6.12, 2.7(b) and 7 of the financial statements for summary of significant accounting policies and significant accounting estimates and assumptions for impairment of trade receivables from third parties.

<u>The key audit matter</u>	<u>How the matter was addressed in our audit</u>
<p>As stated in Note 7 of the attached financial statements, trade receivables from non-related parties amounting to TL 104,913,388 as of 31 December 2023, have a significant size in the financial statements.</p> <p>When assessing the impairment of such trade receivables, the Company management takes into consideration the guarantees received from customers, past collection performances, maturity analysis of receivable balances and disputes or lawsuits regarding receivables. Within the scope of all these evaluations, the assumptions and estimates used by the management to determine the impairment of receivables and the provision amounts allocated for these receivables are highly sensitive to expected future market conditions.</p> <p>Determining the provision for impairment on trade receivables from third parties requires complex calculations that require significant judgment by management therefore "Impairment of trade receivables from third parties" has been determined as one of the key audit matters.</p>	<p>The audit procedures performed on this topic include the following:</p> <ul style="list-style-type: none">- Understanding and evaluating the Company's receivables tracking process, including credit limit management, and the credit risk management policy and internal controls it implements regarding the tracking of receivables,- Obtaining external confirmations from selected trade receivable balances from third parties and comparing them with the amounts in the financial statements,- Testing the accuracy of the selected maturity information in the receivables aging list through agreeing to the invoices and other relevant documents,- Investigating whether there are any disputes or lawsuits regarding the collection of trade receivable balances and receiving evaluations from legal advisors regarding ongoing lawsuits,- Testing the collections made after the reporting period through sample selection,- Evaluating the suitability and adequacy of the disclosures in the financial statement footnotes regarding the impairment of trade receivables from third parties in accordance with TFRS.



Application of "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 "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 statements, we have identified the application of TAS 29 as a key audit matter.</p>	<p>The audit procedures performed on this topic include the following:</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 disclosures related to the financial statements prepared in accordance with TAS 29 have been controlled,- The adequacy and suitability of the disclosures in the financial statements where inflation accounting has been applied were evaluated in accordance with 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 unqualified opinion was issued 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 7 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

ORIGINALLY SIGNED IN TURKISH

İsmail Önder Ünal, SMMM
Partner
7 May 2024
İzmir, Türkiye

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2023

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PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

STATEMENT 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	Audited 31 December 2023	Audited 31 December 2022
ASSETS			
Current Assets			
Cash and Cash Equivalents	5	24,205,714	43,485,524
Trade Receivables		113,198,974	103,705,544
- Trade Receivables from Related Parties	6	8,285,586	19,088,967
- Trade Receivables from Third Parties	7	104,913,388	84,616,577
Other Receivables		40,493,662	74,071,952
- Other Receivables from Third Parties	8	40,493,662	74,071,952
Inventories	9	82,501,777	97,178,179
Prepaid Expenses		10,743,686	71,535
- Prepaid Expenses to Third Parties	10	10,743,686	71,535
Financial Assets		440,409	--
Other Current Assets	18	53,294,938	50,102,020
TOTAL CURRENT ASSETS		324,879,160	368,614,754
Non-Current Assets			
Financial Investments	27	19,420,385	62,595,476
Other Receivables		1,800	2,966
- Other Receivables from Third Parties		1,800	2,966
Property, Plant and Equipment	11-a	1,433,741,228	1,494,238,830
- Lands		132,548,279	132,548,279
- Buildings, Land Improvements		432,854,953	452,926,776
- Machinery and Equipments		754,433,956	799,208,265
- Furniture and Fixtures		110,060,345	109,555,510
- Vehicles		681,637	-
- Construction in Progress		3,162,058	-
Intangible Assets		18,254,393	21,274,162
Prepaid Expenses		239,797	2,635,613
- Prepaid Expenses to Third Parties		239,797	2,635,613
Right of Use Assets	11-b	71,373,026	88,966,499
TOTAL NON-CURRENT ASSETS		1,543,030,629	1,669,713,546
TOTAL ASSETS		1,867,909,789	2,038,328,300

The financial statements at 1 January - 31 December 2023 and for the year then ended have been approved for issue by Board of Directors of Pınar Su ve İçecek Sanayi ve Ticaret A.Ş. on 7 May 2024. The General Assembly and certain regulatory bodies have the authority to make amendments after the publication of statutory financial statements.

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

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.**STATEMENT 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.)

		<i>Audited</i>	<i>Audited</i>
LIABILITIES	Notes	31 December 2023	31 December 2022
Current Liabilities			
Short-Term Borrowings		217,550,644	350,481,494
- Short Term Borrowings From Related Parties		69,627,778	58,899,224
- Other Short-Term Borrowings	6	69,627,778	58,899,224
- Short-Term Borrowings to Third Parties		147,922,866	291,582,270
- Bank Loans	14	147,922,866	291,582,270
Short-Term Portion of Long-Term Borrowings		27,174,909	71,143,374
- Bank Loans	14	12,185,758	51,942,030
- Lease Liabilities	14	14,989,151	19,201,344
Trade Payables		268,270,757	273,747,004
- Trade Payables to Related Parties	6	25,799,000	20,182,059
- Trade Payables to Third Parties	7	242,471,757	253,564,945
Payables Related to Employee Benefits	16	3,523,466	5,236,592
Other Payables		37,413,372	78,522,964
- Other Payables to Related Parties	6	11,531,143	39,075,787
- Other Payables to Third Parties	8	25,882,229	39,447,177
Deferred Income		7,238,309	10,101,050
- Deferred Income from Third Parties	10	7,238,309	10,101,050
Short-Term Provisions		7,845,368	9,083,617
- Short-Term Provisions for Employee Benefits	16	477,103	885,701
- Other Short-Term Provisions	15	7,368,265	8,197,916
TOTAL CURRENT LIABILITIES		569,016,825	798,316,095
Non-Current Liabilities			
Long-Term Borrowings		32,124,974	41,015,944
- Long-Term Borrowings from Third Parties		32,124,974	41,015,944
- Bank Loans	14	13,437,454	3,992,001
- Lease Liabilities	14	18,687,520	37,023,943
Long-Term Provisions		11,056,136	22,527,536
- Long-Term Provisions for Employee Termination Benefits	16	11,056,136	22,527,536
Deferred Tax Liabilities	25	134,687,254	236,583,780
TOTAL NON-CURRENT LIABILITIES		177,868,364	300,127,260
TOTAL LIABILITIES		746,885,189	1,098,443,355
EQUITY			
Equity Attributable to Owners of Parent		1,121,024,600	939,884,945
Share Capital	19	94,762,708	94,762,708
Adjustment to Share Capital	19	650,771,693	650,771,693
Share Premiums (Discounts)		1,045,161	1,045,161
Other accumulated comprehensive income/(loss) that will not be reclassified to profit or loss		108,467,115	171,762,678
Gains on revaluation and remeasurement		107,837,176	139,589,899
- Revaluation of property, plant and equipment	11	124,902,361	148,997,225
- Actuarial loss arising from defined benefit plans		(17,065,185)	(9,407,326)
- Gains from financial assets fair value difference reflected in other comprehensive income	27	629,939	32,172,779
Restricted Reserves appropriated from profits	19	52,898,274	52,898,274
- Legal Reserves		52,898,274	52,898,274
Retained Earnings/(Accumulated Losses)		10,548,461	(101,733,567)
Net Profit for the Period		202,531,188	70,377,998
TOTAL EQUITY		1,121,024,600	939,884,945
TOTAL LIABILITIES		1,867,909,789	2,038,328,300

PINAR SU VE İÇECEK SANAYİ VE TİCARET 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.)

		<i>Audited</i> 1 January - 31 December 2023	<i>Audited</i> 1 January - 31 December 2022
	Notes		
PROFIT/ (LOSS) SECTION			
Revenue	20	1,207,501,651	1,108,137,992
Cost of Sales (-)	20	(683,231,363)	(734,327,750)
GROSS PROFIT		524,270,288	373,810,242
General Administrative Expenses (-)	21	(113,248,287)	(94,088,011)
Marketing Expenses (-)	21	(357,992,536)	(357,882,213)
Research and Development Expenses (-)		(2,698,323)	(2,001,780)
Other Operating Income	22	34,519,542	21,332,954
Other Operating Expenses (-)	22	(83,438,842)	(33,957,797)
OPERATING PROFIT/ (LOSS)		1,411,842	(92,786,605)
Income from Investment Activities	23	2,167,974	1,320,086
Expense from Investment Activities (-)	23	(17,783,514)	(13,827,916)
OPERATING PROFIT/ (LOSS) BEFORE FINANCIAL EXPENSE		(14,203,698)	(105,294,435)
Financial Income	24	5,023,679	5,711,422
Financial Expenses (-)	24	(129,802,248)	(125,185,998)
Monetary (Loss)/Gain		231,423,057	321,173,401
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		92,440,790	96,404,390
Tax Income/(Expense) of Continuing Operations		110,090,398	(26,026,392)
- Deferred Tax Income/(Expense)	25	110,090,398	(26,026,392)
PROFIT FROM CONTINUING OPERATIONS		202,531,188	70,377,998
PROFIT/LOSS FOR THE PERIOD		202,531,188	70,377,998
Profit per Share			
Profit from Continuing Operations			
Per 100 Shares with Each Par Value of 1 KR	26	2.1372	0.7427
OTHER COMPREHENSIVE INCOME			
Other comprehensive income not to be reclassified to profit or loss		(13,197,660)	202,019,361
Losses on remeasurements of defined benefit plans	16	(10,210,479)	(11,759,158)
Gains on revaluation of property, plant and equipment	11	-	179,912,436
Gains/(losses) on revaluation of assets measured in other comprehensive income at fair value	27	(2,987,181)	33,866,083
Taxes for Other Comprehensive Income not to be Reclassified to Profit or Loss		(8,193,873)	(30,256,683)
Losses on remeasurements of defined benefit plans , tax effect	25	2,552,620	2,351,832
Gains on revaluation of property, plant and equipment, tax effect	25	(10,895,852)	(30,915,211)
Gains/(losses) on revaluation of assets measured in other comprehensive income at fair value, tax effect	25	149,359	(1,693,304)
OTHER COMPREHENSIVE INCOME		(21,391,533)	171,762,678
TOTAL COMPREHENSIVE INCOME		181,139,655	242,140,676

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

PINAR SU VE İÇECEK SANAYİ VE TİCARET 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.)

	Share Capital	Adjustment to share capital	Share Premiums (Discounts)	Other comprehensive income/(expense) not to be reclassified to profit or loss			Restricted Reserves	Accumulated Profits/(Losses)	Net Profit for the Period	Total Equity
				Gains on Revaluation of Property Plant and Equipments	Losses on Remeasurements of Defined Benefit Plans	Gains from Financial Assests at Fair Value Through Other Comprehensive Income				
Previous year										
1 January - 31 December 2022										
Balances at beginning	94,762,708	650,771,693	1,045,161	-	-	-	52,898,274	(101,733,567)	-	697,744,269
Total comprehensive income	-	-	-	148,997,225	(9,407,326)	32,172,779	-	-	70,377,998	242,140,676
- Profit for the year	-	-	-	-	-	-	-	-	70,377,998	70,377,998
- Other comprehensive income	-	-	-	148,997,225	(9,407,326)	32,172,779	-	-	-	171,762,678
Balances at closing	94,762,708	650,771,693	1,045,161	148,997,225	(9,407,326)	32,172,779	52,898,274	(101,733,567)	70,377,998	939,884,945
Current year										
1 January - 31 December 2023										
Balances at beginning	94,762,708	650,771,693	1,045,161	148,997,225	(9,407,326)	32,172,779	52,898,274	(101,733,567)	70,377,998	939,884,945
Transfers	-	-	-	(13,199,012)	-	(28,705,018)	-	112,282,028	(70,377,998)	-
Total comprehensive income	-	-	-	(10,895,852)	(7,657,859)	(2,837,822)	-	-	202,531,188	202,531,188
- Profit for the year	-	-	-	-	-	-	-	-	202,531,188	202,531,188
- Other comprehensive income	-	-	-	(10,895,852)	(7,657,859)	(2,837,822)	-	-	-	(21,391,533)
Balances at closing	94,762,708	650,771,693	1,045,161	124,902,361	(17,065,185)	629,939	52,898,274	10,548,461	202,531,188	1,121,024,600

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

PINAR SU VE İÇECEK SANAYİ VE TİCARET 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.)

		<i>Audited</i> 1 January - 31 December 2023	<i>Audited</i> 1 January - 31 December 2022
	Notes		
CASH FLOWS FROM OPERATING ACTIVITIES		92,905,796	56,314,760
Profit for the year		202,531,188	70,377,998
- Profit from Continuing Operations		202,531,188	70,377,998
Adjustments Related to Net Loss Reconciliation for the Period		42,453,742	(57,895,943)
Adjustments for depreciation and amortisation expense	11.12	134,593,608	134,677,618
Adjustments for impairment loss		594,242	418,137
- Adjustments for impairment loss of receivables-net	7.22	594,242	418,137
Adjustments for provisions		9,649,540	8,628,423
- Adjustments for provisions related with employee benefits		7,256,556	4,810,462
- Adjustments for (Reversal of) other provisions	15	1,198,162	3,207,840
- Adjustments for (Reversal of) unused vacation		1,194,822	610,121
Adjustment for dividend income	23	(614,934)	(360,788)
Adjustments for interest gain		91,652,790	91,317,753
- Adjustments for interest income		(5,227,135)	(3,711,508)
- Adjustments for interest expense	24	96,879,925	95,029,261
Adjustments for unrealized foreign currency translation differences		82,828,821	(76,997,081)
Adjustments for tax income	25	(110,090,398)	26,026,392
Adjustments for losses from sale of fixed assets	23	(1,294,038)	(957,291)
- Adjustments for losses from sale of tangible assets		(1,294,038)	(957,291)
Adjustments for Fair Value Loss (Gains)		17,524,944	-
- Adjustments for fair value losses (gains) of financial assets		17,524,944	-
Adjustments for Losses (Gains) Due to Disposal of Affiliates, Joint Ventures and Financial Investments or Changes in Shares		-	21,623,240
Other Adjustments Related to Reconciliation of Profit/ (Loss)		32,826,964	22,199,591
Monetary Gain/(Loss)		(215,217,797)	(284,471,937)
Changes in working capital		(131,996,367)	45,972,962
Decrease (Increase) in Financial Investments		(440,409)	-
Adjustments related to increase in trade receivables		(83,550,448)	(67,263,005)
- Increase in trade receivables from related parties		(29,553,614)	(41,616,311)
- Increase in trade receivables from third parties		(53,996,834)	(25,646,694)
Adjustments for increase in other receivables with operations		1,405,119	(48,264,849)
- Increase in receivables from third parties related with operations		1,405,119	(48,264,849)
Adjustments for (increase)/decrease in inventories		14,676,402	11,270,453
Adjustments for increase/(decrease) in trade payable		(55,174,832)	100,023,769
- Increase in trade payables to related parties		13,550,592	15,184,200
- Increase in trade payables to third parties		(68,725,424)	84,839,569
Decrease in prepaid expenses		(8,276,335)	184,837
Increase in payables related to employee benefits		345,400	2,518,074
Adjustments for increase in other operating payables		1,941,904	38,727,249
- Increase in other operating payables to third parties		1,941,904	38,727,249
(Decrease)/increase in deferred income		(2,862,743)	8,427,789
Adjustments for other (decrease)/increase in working capital		(60,425)	348,645
- Increase in other payables related with operations		(60,425)	34
Cash Flows from Operating Activities		112,988,563	58,455,017
Payments related with provisions for employee benefits	16	(20,082,767)	(2,140,257)
CASH FLOWS FROM INVESTING ACTIVITIES		8,772,242	(36,464,549)
Cash inflows due to sale of shares or capital reduction of subsidiaries and joint ventures		22,724,696	-
Repayments from cash advances and loans		1,168	1,906
Repayments from cash advances and loans to related parties		1,168	1,906
Cash inflows from sales of tangible and intangible fixed assets		1,294,038	957,291
- Cash inflows from sales of tangible fixed assets		1,294,038	957,291
Cash outflows due to purchase of tangible and intangible fixed assets		(21,089,729)	(41,496,042)
- Cash outflows due to purchase of tangible assets	11	(21,089,729)	(40,544,924)
- Cash outflows due to purchase of intangible assets	12	-	(951,118)
Interest received	22.24	5,227,135	3,711,508
Dividend received	6.23	614,934	360,788
CASH FLOWS FROM FINANCING ACTIVITIES		(103,944,371)	(16,852,858)
Cash inflows from financial borrowings		383,859,592	615,876,748
- Cash inflows from loans		383,859,592	615,876,748
Cash outflows from financial liabilities		(387,337,630)	(549,549,742)
- Paybacks of borrowings		(387,337,630)	(549,549,742)
Increase/(decrease) in other payables from related parties		(12,183,793)	6,298,456
Cash outflows from lease liabilities		(3,341,271)	(2,093,184)
Interest paid		(84,941,269)	(87,385,136)
NET INCREASE IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES		(2,266,333)	2,997,353
EFFECT OF MONETARY GAIN/LOSS ON CASH AND CASH EQUIVALENTS		(17,013,477)	(26,021,585)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		(19,279,810)	(23,024,232)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	43,485,524	66,509,756
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	24,205,714	43,485,524

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

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS 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 - ORGANISATION AND NATURE OF OPERATIONS

Pınar Su ve İçecek Sanayi ve Ticaret A.Ş. (the “Company”) is engaged in the production of bottled water, pet bottle production, carbonated beverage, noncarbonated beverage and fruit beverage under the brand name “Pınar Yaşam Pınarım”. The Company’s production facilities are located in Aydın, Sakarya and Bursa whereas the Company’s headquarter is located in İzmir. The Company stopped its production activities at the Akçağaç Plant in Isparta/ Eğirdir in 2020.

Sales and distribution of the Company’s products in the domestic market are performed by its own sales departments and its exports are performed by Yaşar Dış Ticaret A.Ş. (“YDT”), which is Yaşar Group company (Note 6). Shares of the Company have been traded on the Borsa İstanbul (‘BIST’). The ultimate shareholder of the Company is Yaşar Holding A.Ş (“Yaşar Holding”) with 58.00% of shares of the Company (2022: 58.00%) (Note 19).

The Company is registered in Turkey and the address of the registered head office is as follows:

Kemalpaşa Mah. Kemalpaşa Caddesi No: 262 Bornova/İzmir

The average number of personnel employed during the period at the Company is 393 (31 December 2022: 424).

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

(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”). TFRS 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 "Announcement on TAS Taxonomy" issued by the CMB on 4 October 2022 and the formats specified in the financial statement examples and usage guidelines issued by CMB.

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS 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 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

(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.

(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	1,000.00
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 2023, the amount of accumulated losses prior to inflation adjustment is TL 158,304,415. The amount of accumulated losses as at 1 January 2023, adjusted for the purchasing power as of 31 December 2023 within the scope of IAS 29, amounted to TL 101,733,567.

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS 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 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

(iv) Reporting in a hyperinflationary economy (Continued)

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, cost of sales and deferred tax income/expense explained above have been adjusted by applying quarterly adjustment coefficients. The cost of sales item has been adjusted by applying monthly adjustment coefficients.
- 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.

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS 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 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

(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 not made any classification in the previous period financial statements.

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.

2.3.1 Segment Reporting of Financial Information

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 key management that takes strategic decisions.

The key management of the Company 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.

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS 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 2 - BASIS OF PRESENTATION 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.

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS 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 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

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

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. 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 IFRS 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 arrangements 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.

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS 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 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

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

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.

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.

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS 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 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

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

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 and Assurance Standards Board (IAASB) 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.

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS 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 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- The Effects of Changes in Foreign Exchange Rates 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- FRS 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 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.

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS 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 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of significant accounting policies

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

2.6.1 IFRS 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:

- the contract involved the use of an identified asset - this may be specified explicitly or implicitly.
- 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.
- 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
- 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:

- The amount of the initial measurement of lease liability,
- Any lease payments made at or before the commencement date, less any lease incentives received,
- Any initial direct costs incurred by the lessee and
- 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:

- less any accumulated depreciation and any accumulated impairment losses and
- adjusted for any remeasurement of the lease liability.

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS 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 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of significant accounting policies (Continued)

2.6.1 IFRS 16 Leases (Continued)

The Company applies IAS 16 “Property, Plant and Equipment” to amortize the right of use asset and to asses for any impairment (Note 11.b).

The Company apply “IAS 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:

- fixed payments, less any lease incentives receivable,
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option and

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.

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.

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS 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 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of significant accounting policies (Continued)

2.6.1 IFRS 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 IFRS 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. In operational leases, the leased assets are classified under investment properties in the balance sheet and the rental income obtained is reflected in the income statement in equal amounts during the lease period. The rental income is reflected to the income statement with a straight-line method throughout the lease period. The Company does not have any leasing activity as a lessor.

2.6.2 Revenue Recognition

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

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS 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 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of significant accounting policies (Continued)

2.6.2 Revenue Recognition (Continued)

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,
- e) 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,

- The Company has a present right to payment for the asset,
- The customer has legal title to the asset,
- The Company has transferred physical possession of the asset,
- Allocation of price to performance obligations,
- 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. If the Company foresees, at the beginning of the contract, that the period between the transfer date of the goods or services promised to the customer and the date on which the customer pays for this good or service will be one year or less, it does not make adjustments for the effect of a significant financing component in the promised price.

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 recognizes 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)

2.6 Summary of significant accounting policies (Continued)

2.6.3 Financial assets

Classification and measurement

The Company classifies its financial assets as financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income. Classification is performed in accordance with the business model determined based on the purpose of benefits from financial assets and expected cash flows. The Company makes the classification of its financial assets on the date of purchase.

(a) Financial assets measured 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 any significant finance component. In accordance with this method, if any provision provided to the trade receivables as a result of a specific events, 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.

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

Assets that 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 as investment in equity investments reflected to the other comprehensive income or profit or loss statement of the fair value difference of the investment at initial recognition for investments in equity investments.

Financial assets at fair value through other comprehensive income include financial investments in the statement of financial position. In the event that the assets recorded in other comprehensive income are sold in the fair value difference, the valuation difference classified in other comprehensive income is classified into accumulated losses.

Where there is no listed fair value of the financial assets measured 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).

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

2.6 Summary of significant accounting policies (Continued)

2.6.4 Inventories

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. Cost elements in stocks are consist of all purchasing costs and other costs such as labor and general production costs incurred until the stocks are ready for use. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses (Note 9). The cost of inventories is determined on the monthly weighted average basis.

2.6.5 Property, plant and equipment

Property, plant and equipment except for land, land improvements and buildings and machinery and equipment are stated at cost less accumulated depreciation and provision of impairment, if any. Land and buildings, land improvements are reflected in the financial statements at their fair values determined by an independent valuation Company as of 31 December 2022 and machinery and equipment are reflected in the financial statements based on indexed amount by deducting the current year depreciation from the fair value determined in the valuation studies carried out by an independent valuation firm as of 31 December 2021 (Note 11). Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the relevant asset and the net amount is restated to the revalued amount of the asset.

Increases in the carrying amount arising on the revaluation of land, land improvements and buildings and machinery and equipment are credited to the revaluation reserve in equity, net of applicable deferred income tax. Valuation increases related to assets for which a decrease in value was previously reflected in the other comprehensive income statement are recorded as a credit to the other comprehensive income statement in the amount of the said decrease in value reflected in the other comprehensive income statement. Decreases that offset previous increases of the revalued asset are charged against that reserve; all other decreases are charged to the statement of comprehensive income. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the relevant asset and the net amount is restated to the revalued amount of the asset. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to the statement of comprehensive income) and depreciation based on the asset's original cost is transferred from the revaluation reserve to accumulated losses, and the amount transferred is net of any related deferred income tax.

Buildings, machinery and equipment are capitalised and depreciated when they are in the location and condition necessary for it to be capable of operating in the manner intended by the management. Residual values of property, plant and equipment are deemed as negligible.

The advances given for the property, plant and equipment purchases are classified in prepaid expenses under the other non-current assets until the related asset is capitalised. At each balance sheet date, residual values and estimated useful lives of property, plant and equipment are reviewed and adjusted if appropriate, prospectively.

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(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)

2.6 Summary of significant accounting policies (Continued)

2.6.5 Property, plant and equipment (Continued)

Depreciation is provided on the cost or revalued amounts of property, plant and equipment on a straight-line basis less any impairment (Note 11). Land is not depreciated as it is deemed to have an indefinite life. The annual depreciation rates for property, plant and equipment, which are based on the approximate useful lives of such assets, are as follows;

	<u>Years</u>
Buildings and land improvements	25-50 years
Machinery and equipment	5-29 years
Motor vehicles	4 years
Furniture and fixtures	5-15 years
Carboy and basket	3-4 years

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 value of a tangible asset is more than its recoverable value, a provision is made and its book value is reduced to its recoverable value. The recoverable value is the higher of the tangible asset's value in use or its fair value after deducting expenses to sell the asset. As of the balance sheet date, the useful lives of assets are reviewed and corrected when necessary.

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

2.6.6. Intangible assets

Intangible assets have finite useful lives and mainly comprise acquired rights information processing software and goodwill. These assets are reflected in the consolidated financial statements with their accumulated amortization over the acquisition costs and their net value after deducting the impairment, if any. They are recorded at acquisition cost and amortised on a straight-line basis over their estimated useful lives for a period of ten years from the date of acquisition (Note 12). Costs associated with maintaining computer software programs are recognized as an expense when incurred.

Gain or losses on disposals or on impairments of intangible assets with respect to their amounts are included in the related income and expense accounts. Residual values of intangible assets are deemed as negligible. Intangible assets 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, intangible assets are grouped at the lowest levels for which there are separately identifiable cash -generating units. In case of impairment, the registered 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 fair value less costs to sell.

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

2.6 Summary of significant accounting policies (Continued)

2.6.7 Borrowings and borrowing cost

Borrowings are recognized initially at their fair value, 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 income statement 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 14).

Fees paid for credit agreements and limits are reflected in the financial statements as transaction costs within the framework of the principles above, in cases where it is highly probable that the relevant limit will be used partially or completely within the scope of the agreement in question. In cases where it is not possible to use the limit in question, the fee paid is considered as a prepaid expense as a service paid for liquidity services and is associated with the profit or loss statement throughout the validity period of the relevant credit limit.

2.6.8 Foreign currency translations and balances

Transactions in foreign currencies during the year have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into TL at the exchange rates prevailing at the balance sheet dates. The exchange differences that were recorded are recognised in the statements of income and other comprehensive income as part of the profit for the year.

2.6.9 Earnings per share

Earnings per share disclosed in the income statement is calculated 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.

2.6.10 Subsequent Events

Subsequent events cover all events between the date of the statement of financial position (balance sheet) and the date of authorization for publication of the statement of financial position (balance sheet), even if they occurred after any announcement regarding the profit or other selected financial information has been disclosed to the public.

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.

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

2.6 Summary of significant accounting policies (Continued)

2.6.11 Provisions, contingent assets and contingent liabilities

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company are treated as contingent assets or liabilities. The Company does not recognise 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 (Note 15).

Provisions are recognised 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 a 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 recognised 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 recognised for future operating losses.

2.6.12 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 of the Company or parent Company "Yaşar Holding" and their close family members, together companies controlled, jointly controlled or significantly influenced by them are considered as and referred to as related parties (Note 6).

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 (which means that each parent, subsidiary and fellow subsidiary is related to the others),
- 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.

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

2.6 Summary of significant accounting policies (Continued)

2.6.13 Employee and termination benefits

Provision for termination benefits means present value of estimated total provision of future potential obligations which will arise from the retirement of personnel as per Turkish Labour Law. In line with the social legislation and Turkish Labour Law which are effective in Turkey, the Company is obliged to collectively pay the termination benefits to each personnel who completed their one-year service period at minimum and is laid off because of the reasons other than resigning voluntarily or acting improperly or to those who retire. The provision for termination benefits has been reduced to the net present value of the obligation amounts which will arise in the future due to the retirement of all personnel in line with the actuarial assumptions determined by the Company management and reflected to the financial statements

2.6.14 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.

2.6.15 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.

2.6.16 Trade Receivables

Trade receivables arising through sales of goods or services to the customers are recognised at amortized cost net off financing component. Receivables with short-term maturities which have no predefined interest rate are measured at the original invoice amount unless the effect of imputed interest is significant (Note 7).

A doubtful receivable provision for trade receivables is established if there is objective evidence that the Company will not be able to collect all amounts due. The receivables in process of lawsuit or enforcement or in a prior stage, the customer having material financial difficulties, the receivable turning default or the possibility of material and unforeseeable delay in the future collection are included under objective evidences.

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

2.6 Summary of significant accounting policies (Continued)

2.6.17 Taxation on income

Corporate Tax

The Company is subject to the tax legislation and practices in force in Turkey. Corporate tax is declared by the end of the fourth month following the end of the relevant fiscal period and must be paid in a single installment by the end of that month. Corporations are required to calculate provisional tax on their financial profits for each three-month period at the applicable rate and declare it by the 17th day of the second month following the period. The tax must be paid by the end of that same day. Provisional taxes paid during the year are offset against the corporate tax calculated in the annual corporate tax return for that year. If any provisional tax remains after the offset, this amount may either be refunded in cash or offset against other tax liabilities.

In Turkey, the general corporate tax rate applied to the taxable base, which is calculated by adding non-deductible expenses to commercial income and deducting exemptions provided by tax laws, was 20% as of 31 December 2022. However, pursuant to Article 21 of the "Law on the Introduction of Additional Motor Vehicle Tax to Compensate for the Economic Losses Caused by the Earthquakes Occurred on February 6, 2023, and Amendments to Certain Laws and Decree Law No. 375," published in the Official Gazette dated 15 July 2023, No. 32249, amendments were made to Article 32 of the Corporate Tax Law No. 5520, which regulates the corporate tax rate. As a result of these changes, starting with declarations to be submitted as of 1 October 2023, the general corporate tax rate was increased from 20% to 25%. Therefore, the Company and its subsidiaries domiciled in Turkey applied a tax rate of 25% in calculating the tax for the 2023 period.

In line with this change, the tax rate used in deferred tax calculations as of 31 December 2023, is 25% (31 December 2022: 20%).

Under the provisions of the repeated Article 298 of the Tax Procedure Law, as of 31 December 2021, the conditions required for the financial statements to be subject to inflation adjustment have been met. However, according to the "Law No. 7352 on Amending the Tax Procedure Law and the Corporate Tax Law," published in the Official Gazette No. 31734, dated 29 January 2022, and pursuant to the provisional Article 33 of the Tax Procedure Law No. 213:

- Regardless of whether the conditions for inflation adjustment under Article 298 are met, financial statements for the 2021 and 2022 fiscal periods, as well as the provisional tax periods of the 2023 fiscal year, will not be subject to inflation adjustment.
- The financial statements dated 31 December 2023, will be subject to inflation adjustment; however, this adjustment will not affect the corporate tax base.

According to the "General Communiqué on Tax Procedure Law No. 555," published in the repeated Official Gazette No. 32415, dated 30 December 2023, and pursuant to the repeated Article 298 of the Tax Procedure Law No. 213, it is essential for businesses operating in Turkey to apply inflation adjustment to their financial statements for the 2023 fiscal period. These inflation-adjusted financial statements will form the opening balance sheet for tax returns to be prepared from 1 January 2024, and inflation effects will not be considered in the tax calculation for the 2023 period.

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

2.6 Summary of significant accounting policies (Continued)

2.6.17 Taxation on income (Continued)

In accordance with Provisional Article 33 of the Tax Procedure Law, the tax effects arising from the inflation adjustment of the financial statements dated 31 December 2023, have been included in the deferred tax calculation as of 31 December 2023.

Pursuant to the Corporate Tax Law, financial losses reported on tax returns may be deducted from the corporate tax base of the relevant period, provided that the losses do not exceed 5 years. Declarations and related accounting records may be reviewed by the tax office within five years, and tax calculations may be revised accordingly.

Dividend payments made to resident and non-resident individuals, as well as to non-resident legal entities, are subject to a 10% income tax, except for payments made to resident corporations that are not liable to or exempt from corporate income tax or personal income tax in Turkey.

Dividend payments made by Turkish resident corporations to other resident corporations are not subject to income tax. Additionally, no income tax is calculated if profits are not distributed or are added to the capital.

Dividends earned by corporations from their participation in the capital of another fully liable corporation are exempt from corporate tax. Moreover, 75% of the gains derived from the sale of shares, real estate, founders' shares, usufruct shares, and preemptive rights, which have been held by corporations for at least two full years, are exempt from corporate tax. However, with an amendment introduced by Law No. 7061, this exemption rate has been reduced from 75% to 50% for real estate, and this 50% rate has been applied in tax returns prepared since 2018. Furthermore, as of 15 July 2023, the 50% tax exemption for real estate sales gains stipulated in Law No. 5520 has been abolished. However, for sales of real estate held on the balance sheet before July 15 2023, a 25% exemption will apply.

To benefit from the exemption, the relevant gains must be kept in a reserve account on the balance sheet and must not be withdrawn from the Company for a period of five years. The sales proceeds must be collected by the end of the second calendar year following the year of sale.

In Turkey, there is no system for reaching an agreement with the tax authority on taxes to be paid. Corporate tax returns must be submitted within four months following the end of the fiscal period. Tax authorities authorized to conduct tax inspections may review the tax returns and the underlying accounting records for a period of five years following the fiscal period and may reassess the taxes based on their findings.

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

2.6 Summary of significant accounting policies (Continued)

2.6.17 Taxation on income (Continued)

Dividend distributions are subject to withholding tax, which must be declared in the period in which the dividend is paid, either in cash or on account. Dividend payments made to non-resident corporations that do not generate income through a permanent establishment or permanent representative in Turkey, and to non-resident individuals, were subject to a 15% withholding tax until 22 December 2021. However, under Presidential Decree No. 4936, which was published in the Official Gazette No. 31697, dated 22 December 2021, the withholding tax rate on dividends, which was 15% under the Income Tax Law No. 193 and the Corporate Tax Law No. 5520, has been reduced to 10%.

In applying the withholding tax rates on dividend distributions made to non-resident corporations and individuals, the rates specified in applicable Double Taxation Avoidance Agreements are also taken into account. The addition of retained earnings from previous years to the capital is not considered a dividend distribution and is therefore not subject to withholding tax.

Transfer Pricing Regulations

In Turkey, transfer pricing regulations are outlined in Article 13 of the Corporate Tax Law, titled "Disguised Profit Distribution through Transfer Pricing." The communiqué dated 18 November 2007, provides detailed guidance on the implementation of these regulations. If a taxpayer engages in the purchase or sale of goods or services with related parties at a price or value that deviates from the arm's length principle, the profit is considered to be partially or fully distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are treated as non-deductible expenses for corporate tax purposes.

Tax Risk

When determining the amounts of current tax expense and deferred tax expense, the Group takes into account uncertain tax positions and whether there are any additional tax and interest liabilities that may need to be paid. This assessment may involve numerous professional judgments and is based on estimates and assumptions regarding future events. If new information emerges that leads the Group to revise its professional judgment on the adequacy of its current tax liability, such a change will affect the tax expense for the period in which the revision occurs.

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

2.6.18 Government grants and incentive

Government grants, including non- monetary grants at fair value, are recognised in financial statements when there is reasonable assurance that the entity will comply with the conditions attaching to them, and the grants will be received.

2.6.19 Trade Payable

Trade payables are recognized at fair value.

2.6.20 Going concern

The Company has prepared its financial statements on going concern basis. In addition, the Company management has made a detailed assessment regarding the going concern of the Company, as explained below, and has taken certain measures regarding the issue.

As of 31 December 2023, the Company's short-term liabilities exceeded its total current assets by TL 244.1 million, the net profit for the year ended on the same date was TL 212 million, and the retained earnings were 10.5 million as of the same date. reached the amount of TL. In addition, the shareholders' equity as at 31 December 2023 was TL 1.1 billion, and cash flows from operating activities for the year was TL 56.3 million.

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

2.6 Summary of significant accounting policies (Continued)

2.6.20 Going concern (Continued)

The main measures and regulations that the Company management has taken and plans to take in this process are as follows:

- The main objective is to review all operational processes, primarily sales, in line with the objectives of ensuring the sustainable profitability and growth of the Company.
- With the strength of its infrastructure and distribution network, it is aimed to increase sales, especially through improvements in carbonated and still beverage product portfolios, new packaging and improvements in sales channels. Within the scope of these studies, the Company continued to contribute with glass bottled carbonated water, which was introduced to the market in 2023, and ice tea and cool lime products, which were recently joined to the beverage products.
- New dealerships are being established in the export channel and efforts are being made to develop them. Since the growth in the export channel plays an important role in terms of the Company's foreign exchange open position and profitability, the development in this channel is being closely monitored.
- In addition to the sales price increase for increasing costs due to inflationary pressure in the economy and the increase in foreign exchange rates, the Company's need to conduct efficiency and cost improvement studies has also increased. In this context, importance has been given to efficiency studies in all business processes.
- Some applications have been included in the Pınar - Yaşam Pınarım Mobile system in the 2023 sales plans and new applications are also continuing. The prepaid subscription process has been integrated into the mobile application.
- Efforts to increase efficiency in domestic and international sales channels are being carried out in light of the economic and political developments and by closely monitoring competition.
- Intensive efforts are being made to shorten the collection period and manage stock levels at a minimum level for the effective management of working capital. Successful results have been achieved in the efforts to shorten collection periods initiated in previous years in order to increase efficiency in working capital management.
- When the change in the Company's financial debt level is evaluated, it has remained below the increase in net sales and operational profitability.

Company management; assuming the continuance of the Company as a going concern and will continue its for the foreseeable future. Obligations to financial institutions are fulfilled on time and Yaşar Holding A.Ş., the controlling shareholder, will continue the financial support to the Company. It will also provide financial support when needed to ensure that operations continue effectively.

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

2.6 Summary of significant accounting policies (Continued)

2.6.21 Received deposits amounts for carboy and basket

The Company collects the sales amount of carboy and basket which is delivered to its distributors. These materials is refundable from the distributors in accordance with the terms of the distribution agreement signed between the Company and its distributors. (Note 8).

2.7 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. In this context, as a result of the evaluations made by the Company management, land and plots, buildings and land improvements are reflected in the financial statements with indexed amounts based on their fair values determined in the valuation studies carried out by an independent professional valuation company as of 31 December 2022. In addition, the fair values of machinery, facilities and devices determined in the valuation studies as of 31 December 2021, and the indexed amounts are reflected in the financial statements after deducting the current period depreciation. It is assumed that the indexed amounts will converge to their respective fair values as of 31 December 2023. Details of the methods and assumptions used within the scope of the valuation studies performed are as follows.

- In fair value calculations, the most effective and efficient use evaluation 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, and the cost approach method was used for underground and surface landscapes and buildings.

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NOTES TO THE FINANCIAL STATEMENTS 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 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.7 Significant accounting assessments, estimates and assumptions (Continued)

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

- In the peer comparison method, the existing market information was used, the prices were adjusted within the framework of the criteria that may affect the market value, considering the similar real estates that were recently put on the market, and the average m2 sales value for the plots subject to the report was determined. The peers found were compared according to criteria such as location, size, zoning status, physical characteristics, and real estate marketing firms were interviewed for an up-to-date evaluation of the real estate market, and the existing knowledge of an independent professional valuation Company was used.
- In the cost approach method, the value of the real estate is determined by adding the investment costs on the land to the land value after amortization (subtracting the depreciation after adding any interest or gain). In the calculation of the land value among the components discussed in the cost approach method, the equivalent comparison method explained above was used.

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

b) Trade receivables and impairment

While evaluating the recoverability of trade receivables, the Company management takes into consideration the guarantees received from customers, past collection performances, maturity analysis, disputes or lawsuits regarding receivables. As a result of all these evaluations, the determination of doubtful receivables and the determination of the amount of provisions allocated for these receivables also includes the assumptions and estimates of the management.

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NOTE 3 - INTERESTS IN OTHER ENTITIES

Please see Note 27.

NOTE 4 - SEGMENT REPORTING

Please see 2.3.

NOTE 5 - CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
Cash in hand	45,619	60,313
Banks	23,050,158	42,649,381
- Demand deposits	5,760,167	4,624,003
- Turkish Lira	5,733,132	3,760,471
- Foreign Currency	27,035	863,532
- Time deposits	17,289,991	38,025,378
- Turkish Lira	8,910,752	32,130,719
- Foreign Currency	8,379,239	5,894,659
Other	1,109,937	775,830
	24,205,714	43,485,524

As of 31 December 2023, the Company has time deposits with maturities of less than one week in TL, Euro and USD. The interest rates of these time deposits are 41.00%, 1.50% and 1.50%, respectively. (2022 TL: 19.18%, 2.25%, 1.50%). Other cash equivalents include credit card receivables with an average maturity of 30 days (2022: 30 days).

Based on the independent data with respect to the credit risk assessment of the banks at which the Company has deposits, the credit quality of banks is sufficient. The fair values of cash and cash equivalents approximate carrying values, including accrued income at the respective balance sheet dates.

NOTE 6 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Due from and due to related parties and the transactions with related parties as of and for the years ended 31 December 2023 and 2022 are as follow:

i) *Balances with related parties:*

a) **Trade receivables from related parties:**

	31 December 2023	31 December 2022
YDT (1)	6,806,689	17,259,988
Çamlı Yem Besicilik Sanayi ve Ticaret A.Ş. ("Çamlı Yem") (1)	133,100	424,674
DYO Boya Fabrikaları Sanayi ve Ticaret A.Ş. ("DYO Boya") (1)	224,617	242,454
Viking A.Ş. (1)	394,096	924,722
Pınar Et A.Ş. (1)	272,703	28,348
Other	454,381	208,782
	8,285,586	19,088,968

(1) Companies controlled by Yaşar Holding as the main partner.

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NOTES TO THE FINANCIAL STATEMENTS 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 6 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

i) *Balances with related parties (Continued):*

A) Trade receivables from related parties (Continued):

Due from related party balances are mainly resulted from the sales of bottled water. Sales and distribution of the Company's products in the domestic market are performed by its own sales departments and its exports are performed by YDT, as further explained in Note 1 to the financial statements

As of 31 December 2023, due from related parties amounting to TL 4,227,029 (2022: TL 7,201,416) were overdue for a period of 3 months (2022: 3 months). As of the preparation date of these financial statements, TL 2,876,195 has been collected for the overdue trade receivables.

Company management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Company's receivables from related parties.

B) Trade payables to related parties:

	31 December 2023	31 December 2022
Desa Elektrik ve Tedarik Toptan Satış ve Tic. A.Ş.("Desa Elektrik") (1)	2,809,894	5,577,193
Yaşar Holding (2)	13,594,321	5,400,809
Yaşar Bilgi İşlem (1)	6,617,315	4,637,284
YDT (1)	2,447,132	3,059,874
Other	330,338	1,506,901
	25,799,000	20,182,060

(1) Companies controlled by Yaşar Holding as the main partner.

(2) Main Partner

As of 31 December 2023 short-term trade payables to related parties mature mainly within a month (2022: 1 month).

C) Short Term Borrowings From Related Parties:

	31 December 2023	31 December 2022
Yaşar Holding (2)	69,627,778	58,899,224
	69,627,778	58,899,224

(2) Main Partner

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NOTES TO THE FINANCIAL STATEMENTS 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 6 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

i) *Balances with related parties (Continued):*

D) Other payables to related parties:

	31 December 2023	31 December 2022
Yaşar Holding (2)	41,810	25,435,082
YBP (1)	11,053,309	13,123,039
Other(1)	436,024	517,666
	11,531,143	39,075,787

(1) Companies controlled by Yaşar Holding as the main partner.

(2) Main Partner

As of 31 December 2023, the Company has non-trade payables to YBP, and the annual effective interest rate applied to these payables is 46.00% (31 December 2022: 20.25%).

ii) *Transactions with related parties:*

A) Product sales to related parties:

	1 January - 31 December 2023	1 January - 31 December 2022
YDT(1)	74,432,123	87,339,865
Diğer	14,351,303	13,245,605
	88,783,426	100,585,470

(1) Companies controlled by Yaşar Holding as the main partner.

Export sales and distribution of the Company's products are performed by YDT.

B) Service sales to related parties:

	1 January - 31 December 2023	1 January - 31 December 2022
Desa Enerji Elektrik Üretim A.Ş. ("Desa Enerji") (1)	2,239,431	1,595,165
Pınar Süt A.Ş. (1)	1,543,975	833,566
Other	284,390	615,471
	4,067,796	3,044,202

(1) Companies controlled by Yaşar Holding as the main partner.

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NOTES TO THE FINANCIAL STATEMENTS 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 6 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

ii) *Transactions with related parties (Continued):*

C) **Service purchases from related parties:**

	1 January - 31 December 2023	1 January - 31 December 2022
Desa Elektrik (1)	42,426,823	59,157,440
Yaşar Holding (2)	18,092,825	15,843,750
Yaşar Bilgi İşlem (1)	14,032,745	13,245,886
YDT (1)	9,680,527	5,303,797
Other	8,296,886	8,201,688
	92,529,806	101,752,561

(1) Companies controlled by Yaşar Holding as the main partner.

(2) Main Partner

Service purchases from Yaşar Holding are mainly related with the consultancy charges. The service purchases from Yaşar Bilgi İşlem are mainly related with information technology service charges, Service purchases from Desa Elektrik are mainly related with electricity consumption charges.

D) **Finance expenses from related parties:**

	1 January - 31 December 2023	1 January - 31 December 2022
YBP (1)	3,260,866	2,846,958
Yaşar Holding (2)	24,925,595	861,048
Yaşar Bilgi İşlem (1)	128,632	112,672
	28,315,093	3,820,678

(1) Companies controlled by Yaşar Holding as the main partner.

(2) Main Partner

E) **Tangible and intangible asset purchases from related parties:**

	1 January - 31 December 2023	1 January - 31 December 2022
Yaşar Holding (2)	2,756,637	--
Yaşar Bilgi İşlem(1)	2,380,771	280,114
Hedef A.Ş. (1)	--	1,589,065
	5,137,408	1,869,179

(1) Companies controlled by Yaşar Holding as the main partner.

The intangible asset purchases from Yaşar Bilgi İşlem are mainly related with new software expenditures.

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NOTES TO THE FINANCIAL STATEMENTS 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 6 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

ii) *Transactions with related parties (Continued):*

	1 January - 31 December 2023	1 January - 31 December 2022
F) Dividend income:		
Desa Enerji(1)	614,934	360,788
	614,934	360,788

(1) Companies controlled by Yaşar Holding as the main partner.

The Company sold some of its Desa Enerji shares to Yaşar Holding in 2022 and the amount between the transaction price and the carrying amount on the date of the transaction was accounted for under the statement of profit or loss and other comprehensive income.

G) Bails received:

As of 31 December 2023, the Company has guarantees received from related parties amounting to TL 20,816,033 (31 December 2022: TL 47,063,492).

H) Key management compensation:

Key management includes general manager; directors and members of board of directors. The compensation paid or payable to key management for employee service is shown below:

	1 January - 31 December 2023	1 January - 31 December 2022
Short-term employee benefits	6,686,032	4,241,980
Other long-term benefits	--	231,574
Profit share and performance bonus	--	218,983
	6,686,032	4,692,537

NOTE 7 - TRADE RECEIVABLES AND PAYABLES

	31 December 2023	31 December 2022
A) Short-term trade receivables from third parties:		
Customer current accounts	101,294,379	73,526,311
Cheques and notes receivables	9,147,627	19,452,648
	110,442,006	92,978,959
Less: Provision for doubtful receivables	(5,528,618)	(8,362,382)
	104,913,388	84,616,577

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NOTES TO THE FINANCIAL STATEMENTS 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 7 - TRADE RECEIVABLES AND PAYABLES (Continued)

The aging of trade receivables as of 31 December 2023 and 2022 are as follow:

	31 December 2023	31 December 2022
Overdue	19,404,873	7,491,419
0 - 30 days	60,977,189	38,268,000
31 - 60 days	15,748,648	18,325,241
61 - 90 days	6,869,444	13,109,019
91 days and over	1,913,234	7,422,898
	104,913,388	84,616,577

The aging of overdue receivables from third parties as of 31 December 2023 and 2022 are as follow:

	31 December 2023	31 December 2022
0 - 90 days	18,932,861	7,484,690
91 days and over	472,012	6,729
	19,404,873	7,491,419

As of 31 December 2023, trade receivables of TL 19,404,873 (2022: TL 7,491,419) were past due and the Company holds collateral amounting to TL 4,023,213 (2022: TL 500,346) As of the preparation date of these financial statements, TL 19,005,701 has been collected.

The aging of provision for doubtful receivables as of 31 December 2023 and 2022 are as follow:

	2023	2022
1 January	(8,362,382)	(13,168,362)
Charged to the statement of comprehensive income (Note 22.b)	(817,111)	(766,804)
Collections (Note 22.a)	222,869	348,667
Inflation Adjustment Difference	3,428,006	5,224,117
31 December	(5,528,618)	(8,362,382)

Concentrations of credit risk with respect to trade receivables are limited due to the Company's widely dispersed customer base, covering the spectrum of manufacturing and distribution and the variety of available end markets in which they sell. The Company's past experience in collection of accounts receivable falls within the recorded allowances. Due to this fact, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Company's trade receivables.

B) Short-term trade payables due to third parties:

	31 December 2023	31 December 2022
Supplier current accounts	242,471,757	253,564,945
	242,471,757	253,564,945

As of 31 December 2023, the average terms of trade payables to unrelated parties are within 2 months (2022: 2 months).

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

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NOTE 8 - OTHER RECEIVABLES AND PAYABLES

A) Other short - term receivables

	31 December 2023	31 December 2022
Value added tax ("VAT") receivables	39,217,259	72,280,846
Deposits and guarantees given	1,006,192	1,650,051
Other	270,211	141,055
	40,493,662	74,071,952

B) Other payables to third parties

Deposits and guarantees receivable	17,733,224	33,921,980
Taxes and funds payables	8,149,008	5,525,197
	25,882,232	39,447,177

A significant portion of the receivable deposits and guarantees consist of the amounts the Company receives in connection with its contracts with the customers for the water supply operation of the carboy.

The Company uses certain estimates and assumptions in the calculation of deposit obligations related to carboy and baskets in accordance with its past experience and data. The extent of the data and analyzes used are; the useful life of polycarbonate carboys defined in related regulations, number of units polycarbonate and glass carboys on the market, past statistical data related to amortization rates, turnover rates, unit deposit prices, residual value of polycarbonate carboys.

NOTE 9 - INVENTORIES

	31 December 2023	31 December 2022
Raw materials	34,834,271	46,727,480
Finished goods	25,437,585	25,358,825
Pallets and boxes	16,163,680	19,335,100
Other	6,066,241	5,756,774
	82,501,777	97,178,179

Cost of inventories recognized as expense and included in cost of sales amounted to TL 422,275,291 (2022: TL 473,144,377) (Note 20). Raw materials mainly consist of materials and packaging materials which are used to produce bottled water. The other inventory items are valued at their costs and there is no impairment.

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

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NOTE 10 - PREPAID EXPENSES AND DEFERRED INCOME

	31 December 2023	31 December 2022
A) Short-term prepaid expenses		
Order advances given	88,236	71,535
Prepaid expenses	10,655,450	--
	10,743,686	71,535
B) Long-term prepaid expenses		
Prepaid expenses	239,797	2,635,613
	239,797	2,635,613
C) Deferred income		
Advances received	7,238,307	10,101,050
	7,238,307	10,101,050

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

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NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

A) Tangible Assets:

Movements of property, plant and equipment between 1 January - 31 December 2023 was as follows:

	1 January 2023	Additions	Netting of Accumulated Depreciation Before Valuation	Disposals	31 December 2023
<u>Cost/Revaluation:</u>					
Land	132,548,279	-	-	-	132,548,279
Buildings and land improvements	452,926,776	437,976	-	-	453,364,752
Machinery and equipment	850,098,128	6,225,148	-	-	856,323,276
Motor vehicles	1,075,124	779,014	-	-	1,854,138
Furniture and fixtures	367,615,106	10,485,533	-	(2,972,786)	375,127,853
Construction in progress	-	3,162,058	-	-	3,162,058
	1,804,263,413	21,089,729	-	(2,972,786)	1,822,380,356
<u>Cost/Revaluation:</u>					
Buildings and land improvements	-	(26,068,086)	5,558,287	-	(20,509,799)
Machinery and equipment	(50,889,863)	(58,640,182)	7,640,725	-	(101,889,320)
Motor vehicles	(1,075,124)	(97,377)	-	-	(1,172,501)
Furniture and fixtures	(258,059,596)	(9,980,698)	-	2,972,786	(265,067,508)
	(310,024,583)	(94,786,343)	13,199,012	2,972,786	(388,639,128)
Net book value	1,494,238,830				1,433,741,228

The Company classifies polycarbonate and glass carboy together with baskets as tangible assets and their carrying value is TL 26,711,503.

A significant portion of the additions to the furniture and fixtures during the accounting period that ended as of 31 December 2023 consists of polycarbonate and glass carboy together with baskets.

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NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

Movements of property, plant and equipment between 1 January - 31 December 2022 was as follows:

	1 January 2022	Additions	Disposals	Transfers (*)	Netting of Accumulated Depreciation Before Valuation	Revaluation Increase	31 December 2022
<u>Cost/Revaluation:</u>							
Land	81,875,516	-	-	-	-	50,672,763	132,548,279
Buildings and land improvements	334,647,797	4,513,491	-	-	(15,474,185)	129,239,673	452,926,776
Machinery and equipment	835,530,136	13,618,235	-	949,758	-	-	850,098,129
Motor vehicles	1,075,124	-	-	-	-	-	1,075,124
Furniture and fixtures	343,201,036	24,414,070	--	-	-	-	367,615,106
Construction in progress	949,758	-	--	(949,758)	-	-	-
	1,597,279,367	42,545,796	--	-	(15,474,185)	179,912,436	1,804,263,414
<u>Accumulated depreciation (-):</u>							
Buildings and land improvements	-	(15,474,185)	-	-	15,474,185	-	-
Machinery and equipment	-	(50,889,864)	-	-	-	-	(50,889,864)
Motor vehicles	(1,075,124)	-	-	-	-	-	(1,075,124)
Furniture and fixtures	(242,133,088)	(15,926,508)	--	-	-	-	(258,059,596)
	(243,208,212)	(82,290,557)	--	-	15,474,185	-	(310,024,584)
Net book value	1,354,071,155						1,494,238,830

The Company classifies polycarbonate and glass carboy together with baskets as tangible assets and their carrying value is TL 28,755,352.

A significant portion of the additions to the furniture and fixtures during the accounting period that ended as of 31 December 2022 consists of polycarbonate and glass carboy together with baskets.

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

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NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

B) Right of Use Assets:

	1 January 2023	Additions	31 December 2023
Cost:			
Buildings and land improvements	192,801,203	24,419,697	217,220,900
Motor vehicles	46,585,630	7,973,339	54,558,969
	239,386,833	32,393,036	271,779,869
Accumulated depreciation (-):			
Buildings and land improvements	(115,921,356)	(35,596,415)	(151,517,771)
Motor vehicles	(34,498,978)	(14,390,094)	(48,889,072)
	(150,420,334)	(49,986,509)	(200,406,843)
Net book value	88,966,499		71,373,026

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NOTES TO THE FINANCIAL STATEMENTS 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 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

B) Right of Use Assets (Continued):

	1 January 2022	Additions	Disposals	31 December 2022
Cost:				
Buildings and land improvements	151,822,123	40,979,080	--	192,801,203
Motor vehicles	52,994,485	668,664	(7,077,519)	46,585,630
	204,816,608	41,647,744	(7,077,519)	239,386,833
Accumulated depreciation (-):				
Buildings and land improvements	(76,953,750)	(46,045,125)	7,077,519	(115,921,356)
Motor vehicles	(30,668,408)	(3,830,570)	--	(34,498,978)
	(107,622,158)	(49,875,695)	7,077,519	(150,420,334)
Net book value	97,194,450			88,966,499

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

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NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Current year's depreciation and amortisation charges were allocated to cost of production by TL 100,007,203 (31 December 2022: TL 102,778,071) production costs, TL 23,274,343 (31 December 2022: TL 21,992,311) to marketing expenses by (Note 21.b) and TL 11,170,289 (31 December 2022: TL 9,806,466) to general and administrative expenses by (Note 21.a), TL 141,774 (31 December 2022: TL 100,770) and research and developments expenses.

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	148,997,225	-
Depreciation on revaluation reserve transferred to retained earnings - net	(10,895,852)	-
The deferred tax effect on the depreciation arising from the revaluation fund classified as retained earnings	4,399,671	-
Depreciation transfer arising from revaluation fund	(17,598,683)	-
Increase in revaluation reserve of land, land improvements and buildings - net	-	148,997,225
31 December	124,902,361	148,997,225

Cost values and related accumulated depreciation of land and plots, buildings, underground and aboveground layouts and machinery, facilities and devices as of 31 December 2023 and 2022 are as follows:

	Land	Building and land improvements	Machinery and equipment
31 December 2023:			
Cost	53,296,754	268,911,221	737,337,703
Less: Accumulated depreciation	-	(100,833,074)	(338,546,438)
Net book value	53,296,754	168,078,147	398,791,265

	Land	Building and land improvements	Machinery and equipment
31 December 2022:			
Cost	56,287,491	204,818,361	583,511,567
Less: Accumulated depreciation	-	(18,066,820)	(14,122,339)
Net book value	53,296,754	186,751,541	569,389,228

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS 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 12 - INTANGIBLE ASSETS

The movements of intangible assets and related accumulated amortisation for the periods 1 January - 31 December 2023 and 2022 were as follow:

	1 January 2023	Additions	31 December 2023
Costs:			
Rights	57,836,234	-	57,836,234
Accumulated amortisation	(36,562,072)	(3,019,769)	(39,581,841)
Net book value	21,274,162		18,254,393

	1 January 2022	Additions	31 December 2022
Costs:			
Rights	56,885,116	951,118	57,836,234
Accumulated amortisation	(34,050,706)	(2,511,366)	(36,562,072)
Net book value	22,834,410		21,274,162

NOTE 13 - GOVERNMENT GRANTS AND INCENTIVES

The Company has been entitled to a total investment tax incentive of TL 381,945,675, including TL 117,192,709 related to the Ministry of Economy's support program for the manufacturing industry, non-alcoholic beverage production, mining, and spring water production in 2013, TL 57,317,688 received in 2015, TL 182,367,688 received in 2016, and TL 25,067,590 related to the additional incentive program in 2018. However, as it is not expected to be used within the next 10 years, deferred tax assets have not been recognized.(Note 25)

NOTE 14 - BORROWINGS AND BORROWING COSTS

	31 December 2023	31 December 2022
Short Term Borrowings From Related Parties (*)	69,627,778	58,899,224
Short-Term Borrowings to Third Parties	147,922,866	291,582,270
Short-Term Borrowings	217,550,644	350,481,494
Short-term portion of long-term loans	12,185,758	51,942,030
Lease liabilities	14,989,151	19,201,344
Short-Term Portion of Long-Term Borrowings	27,174,909	71,143,374
Long-term loans	13,437,454	3,992,001
Long-term lease borrowings	18,687,520	37,023,943
Long-Term Borrowings	32,124,974	41,015,944
Total Borrowings	276,850,527	462,640,812

(*) Other short-term borrowings from related parties consist of loan principal and interest accruals taken over from Yaşar Holding under the same conditions.

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS 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 14 - BORROWINGS AND BORROWING COSTS (Continued)

Details of bank loans as of 31 December 2023 and 2022 are presented below:

	Effective weighted average interest rate p.a. (%)		Original currency		TL equivalent	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Short-term borrowings:						
Borrowings TL (*)	42.02%	19,78	217,550,644	350,481,494	217,550,644	350,481,494
Short-term portion of long term borrowings						
Borrowings TL (**)	36.19%	13,94	12,185,758	51,942,029	12,185,758	51,942,029
Total short-term borrowings					229,736,402	402,423,524
Long-term borrowings:						
Borrowings TL (**)	47.68%	15,93	13,437,454	3,992,001	13,437,454	3,992,001
Total long-term borrowings					13,437,454	3,992,001
Total borrowings					243,173,856	406,415,525

(*) As of 31 December 2023, TL denominated short-term bank borrowings consist of borrowings with spot loans fixed interest rates of 42.02% p.a. (2022: Interest rates of 19.78% p.a.).

(**) As of 31 December 2023, TL 1,131,096 of TL loans consist of fixed-rate loans with an annual average interest rate of 18.50%, while the portion of TL 24,488,784 includes variable-rate loans with an interest rate of 43.59%.

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NOTES TO THE FINANCIAL STATEMENTS 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 14 - BORROWINGS AND BORROWING COSTS (Continued)

The redemption schedule of long-term bank borrowings (financial lease excluded) at 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
2024	-	3,992,001
2025	6,212,454	-
2026	7,225,000	-
	13,437,454	3,992,001

As of 31 December 2023 and 2022, the carrying amounts of the borrowings with floating and fixed interest rates which were classified in terms of periods remaining to contractual repricing dates are as follows:

	Less than 3 months	3 months to 1 year	More than 1 year	Total
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31 December 2023:

Borrowings with variable interest rates	34,914,053	64,873,493	13,437,454	113,225,001
Borrowings with fixed interest rates	56,380,498	73,568,357	-	129,948,855
	91,294,551	138,441,850	13,437,454	243,173,856

	Less than 3 months	3 months to 1 year	More than 1 year	Total
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31 December 2022:

Borrowings with variable interest rates	26,222,318	2,196,551	2,161,191	30,580,060
Borrowings with fixed interest rates	117,413,530	256,591,123	1,830,810	375,835,465
	143,635,848	258,787,674	3,992,001	406,415,525

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NOTES TO THE FINANCIAL STATEMENTS 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 14 - BORROWINGS AND BORROWING COSTS (Continued)

For the period 1 January - 31 December 2023 and 2022 the carrying amount of net borrowings are as follows:

	2023	2022
1 January	419,155,288	369,130,643
Cash inflows from loans	383,859,592	615,876,748
Cash outflows from paybacks of borrowings	(387,337,630)	(549,549,742)
Monetary Gain/Loss	(208,420,983)	(59,462,088)
Borrowings from leases	24,997,444	43,481,698
Cash outflows from leases	(3,341,271)	(2,093,184)
Effect of accrual of interest	4,452,563	1,771,213
Effect of change in cash and cash equivalents	19,279,810	-
31 December	252,644,813	419,155,288

NOTE 15 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	31 December 2023	31 December 2022
A) Other short-term provisions:		
Cost expense provision	5,372,514	5,038,883
Provision for premium to customer	1,163,057	1,786,979
Provisions for litigation	832,694	1,372,054
	7,368,265	8,197,916

The legal process and negotiations with the relevant administrations regarding the amounts included in the cost expense provision, the determination of the annual rental price in Sakarya and Aydın, where the Company's production facilities are located, are continuing, and the Company Management does not foresee any interruption in the activities of the said production facilities.

B) Guarantees given:

	31 December 2023	31 December 2022
Letters of guarantee	90,608,651	76,528,987
Guarantee cheques	4,116,186	--
Sureti bonds	220,000	--
Other	932,958	--
	95,877,795	76,528,987

As of 31 December 2023, TL 45,043,651 of the letters of guarantee given to a financial institutions in return for the bank loans used, and TL 45,565,000 are the guarantees given to the tax office based on VAT refunds (2022; Respectively TL 55,360,807 and TL 21,168,179).

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NOTES TO THE FINANCIAL STATEMENTS 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 15 - 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 follow:

	31 December 2023			31 December 2022		
	Currency	Amount	TL equivalent	Currency	Amount	TL equivalent
CPM provided by the Company:						
A. Total amount of CPM given on behalf of the Company	TL	95,877,795	95,877,795	TL	76,528,987	76,528,987
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 main shareholder		-	-	-	-	-
ii. Total amount of CPM given on behalf of other group 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		-	-	-	-	-
			95,877,795			76,528,987

The ratio of total amount of other CPM to Equity

-

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS 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 15 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

	31 December 2023	31 December 2022
C) Guarantees received:		
Bails	20,816,033	77,547,889
Letters of guarantee	54,287,668	63,983,855
Mortgages	5,116,800	9,323,676
Guarantee notes	2,239,002	2,371,086
Guarantee cheques	1,235,000	387,216
Other	24,530,774	47,822,486
	108,225,277	201,436,208

A significant part of the guarantees received consists of the guarantees received from the customers.

Since the guarantees received were used for the loans provided by the Company, their maturities are limited to the terms of the related loans.

NOTE 16 - EMPLOYEE BENEFITS

	31 December 2023	31 December 2022
A) Payables for employee benefits		
Social security premiums	2,463,741	4,199,056
Other	1,059,725	1,037,536
	3,523,466	5,236,592
B) Short - term provisions for employee benefits		
Seniority incentive bonus	477,103	523,201
Management bonus accrual	-	362,500
	477,103	885,701
C) Long - term provisions for employee benefits		
Provision for employment termination benefits	9,916,867	21,417,444
Seniority incentive bonus	1,139,269	1,110,092
	11,056,136	22,527,536

Under Turkish Labour Law, the companies incorporated in Turkey are required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men).

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NOTES TO THE FINANCIAL STATEMENTS 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 16 - EMPLOYEE BENEFITS (Continued)

The amount payable consists of one month's salary limited to a maximum of TL 23,489.83 (2022: TL 15,371.40) for each year of service as of 31 December 2023.

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. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. The maximum amount of TL 35,058.58 which is effective from 1 January 2024 (1 January 2023: TL 19,982.83) 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:

	31 December 2023	31 December 2022
Discount rate (%)	2.81	0.50
Probability of retirement (%)	95.46	95.91

Movements of the provision for employment termination benefits during the years are as follows:

	2023	2022
1 January	21,417,444	12,339,343
Interest costs	3,324,802	2,651,756
Actuarial loss	10,210,478	11,759,157
Current service cost	2,227,977	3,108,660
Paid during the year (-)	(20,082,767)	(2,140,257)
Inflation Adjustment	(7,181,067)	(6,301,215)
31 December	9,916,867	21,417,444

The total of interest cost and current service cost amounting to TL 4,735,340 (2022: TL 3,029,899) were allocated to general administrative expenses for TL 1,836,126 (31 December 2022: TL 1,701,870) (Note 21) and to financial expense for TL 2,899,214 (31 December 2022: TL 1,328,029) (Note 24).

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS 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 17 - EXPENSES BY NATURE

	1 January - 31 December 2023	1 January - 31 December 2022
Raw material, direct material and finished goods	400,762,811	446,436,356
Transportation and export	151,405,517	170,511,462
Personnel	130,251,522	111,941,669
Depreciation and amortisation	134,593,609	134,677,618
Outsourced services	103,079,549	80,959,957
Energy	54,088,285	76,967,332
Rent	34,578,095	24,697,283
Merchandise goods	21,512,480	26,708,021
Advertising	14,816,862	20,609,438
Repair and Maintenance	25,107,928	18,871,708
Consultancy	20,792,310	17,414,906
Communication	1,374,728	1,370,205
Other	64,806,813	57,133,799
	1,157,170,509	1,188,299,754

NOTE 18 - OTHER ASSETS AND LIABILITIES

	31 December 2023	31 December 2022
Other current assets		
VAT receivable	53,202,467	50,002,721
Other	92,471	99,299
	53,294,938	50,102,020

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

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NOTE 19 - SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

The Company adopted the registered share capital system available to companies registered with 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 authorised registered share capital at 31 December 2023 and 2022 is as follows:

	31 December 2023	31 December 2022
Registered share capital (historical values)	220,000,000	220,000,000
Paid-in share capital with nominal value	94,762,708	94,762,708

The compositions of the Company's share capital at 31 December 2023 and 2022 were as follows:

Share owners	31 December 2023		31 December 2022	
	Share (%)	Share amount (TL)	Share (%)	Share amount (TL)
Yaşar Holding	58.00	54,960,344	58.00	54,960,344
Public quotation	32.31	30,620,258	32.31	30,620,258
Pınar Süt	8.77	8,314,576	8.77	8,314,576
YBP	0.80	755,713	0.80	755,713
Hedef Ziraat Tic. ve San. A.Ş.	0.09	83,864	0.09	83,864
YDT	0.03	27,953	0.03	27,953
Total share capital	100.00	94,762,708	100.00	94,762,708
Adjustment to share capital		650,771,693		650,771,693
Total paid in capital		745,534,401		745,534,401

In Turkey, companies may exceed registered share capital nonrecurringly-except for cash injection-through capital increase from internal sources. Registered share capital may not be exceeded through capital increase by cash injection.

Inflation adjustment to share capital amounting to TL 650,771,693 (2022: TL 650,771,693) represents the remaining amount after netting-off the accumulated losses of the year 2003 from the difference between restated share capital and historical cost of share capital.

The Company has 9,476,270,845 (2022: 9,476,270,845) units of shares with a face value of Kr1 each as of 31 December 2023. The Company's capital consists of bearer shares, and it is traded on Borsa Istanbul. There are no privileges attached to the shares.

Other Comprehensive Income or Loss Not to Be Reclassified to Profit or Loss

As of 31 December 2023, it consists of revaluation increases of tangible fixed assets amounting to TL 108,467,115 (2022: TL 171,762,678), remeasurement losses on defined benefit plans, and gains from financial assets reflected in other comprehensive income due to fair value changes.

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NOTES TO THE FINANCIAL STATEMENTS 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 19 - SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

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:

31 December 2023	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 losses
Capital Adjustment Differences	609,017,085	(650,771,693)	(41,754,658)
Premiums Related to Shares	1,637,792	(1,045,161)	(592,631)
Restricted Reserves Allocated from Profits	79,662,540	52,898,274	26,764,266

The Company's authorised registered share capital is composed of registered shares and its shares have been quoted at the BIST. There are no privileges given to specific shareholders. Retained earnings, as per the statutory financial statements, are available for distribution, subject to the legal reserve requirement referred to below:

The legal reserves consists of first and second legal reserves appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserves reaches a maximum of 20% of the Company's share capital. The second legal reserve is 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.

The aforementioned reserves were accounted for under "Restricted Reserves" in accordance with CMB Financial Reporting Standards. The restricted reserves of the Company amount to TL 52,898,274 (2022: TL 52,898,274) as of 31 December 2023.

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

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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.

Dividend in public companies, of the date of distribution to all existing shares, regardless of the date of issuance and acquisition of these shares will be distributed equally.

NOTE 20 - REVENUE

	1 January - 31 December 2023	1 January - 31 December 2022
Domestic sales	1,611,000,888	1,502,003,606
Export sales	194,718,065	162,981,311
Trade goods sales	30,372,427	37,734,168
Gross sales	1,836,091,380	1,702,719,085
Less: Discounts	(622,584,512)	(587,377,008)
Return	(6,005,217)	(7,204,085)
Net sales	1,207,501,651	1,108,137,992
Cost of sales	(683,231,363)	(734,327,750)
Gross Profit	524,270,288	373,810,242

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NOTES TO THE FINANCIAL STATEMENTS 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 21 - GENERAL ADMINISTRATIVE EXPENSES AND MARKETING, SELLING AND DISTRIBUTION EXPENSES

	1 January - 31 December 2023	1 January - 31 December 2022
A) General administrative expenses:		
Personnel	33,263,173	27,950,456
Outsourced services	33,220,831	27,497,151
Consultancy expenses	14,778,818	11,848,211
Depreciation and amortisation	11,170,289	9,806,466
Employee Termination Benefits	5,552,779	5,760,416
Energy	2,464,017	3,473,068
Insurance	1,756,088	225,623
Representation and hospitality	1,391,872	1,516,578
Rent	614,734	791,520
Travel	795,723	479,316
Communication	433,603	414,582
Other	7,806,360	4,324,624
	113,248,287	94,088,011
B) Marketing, selling and distribution expenses:		
Transportation and export expenses	151,405,517	170,511,462
Personnel	62,889,096	57,793,558
Outsourced services	59,836,973	42,688,940
Advertising	14,816,862	20,609,438
Amortization and depreciation cost	23,274,343	21,992,311
Rent	16,077,312	12,844,861
Energy	6,827,860	9,102,460
Export commission	4,102,093	5,670,981
Consultancy	6,013,492	5,566,695
Repair and Maintenance	5,816,449	4,918,625
Other	6,932,539	6,182,882
	357,992,536	357,882,213

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NOTES TO THE FINANCIAL STATEMENTS 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 22 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

A) Other income from operating activities:

	1 January - 31 December 2023	1 January - 31 December 2022
Foreign exchange gain arising from commercial activities	26,234,048	9,524,543
Count excesses	2,697,404	892,310
Scrap sales income	1,953,161	2,713,500
Insurance loss claim	657,936	2,703,295
Interest income due to time difference	351,968	583,322
Reversal of provision for impairment of receivables	222,869	348,667
Other	2,402,156	4,567,317
	34,519,542	21,332,954

B) Other expense from operating activities:

Foreign exchange loss arising from commercial activities	(69,378,625)	(27,450,080)
Provision for doubtful receivables	(817,111)	(766,804)
Interest expense due to time difference	(6,812,251)	(175,357)
Fees and aid	(738,147)	(644,661)
Other	(5,692,708)	(4,920,895)
	(83,438,842)	(33,957,797)

NOTE 23 - INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

	1 January - 31 December 2023	1 January - 31 December 2022
A) Income from investment activities:		
Gain on sale of property plant and equipment	1,552,608	959,298
Dividend income	614,934	360,788
Other	432	-
	2,167,974	1,320,086

B) Expense from investment activities:

Loss on sales arising from the sale of financial investment shares (*)	(17,524,944)	(13,825,909)
Loss on sale of property plant and equipment	(258,570)	(2,007)
	(17,783,514)	(13,827,916)

(*) The Company sold all of its Viking shares to Yaşar Holding in 2023 and the amount between the transaction price and the carrying amount on the date of the transaction was accounted for under the statement of profit or loss and other comprehensive income.

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NOTES TO THE FINANCIAL STATEMENTS 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 24 - FINANCIAL INCOME AND EXPENSE

A) Financial Income:

	1 January - 31 December 2023	1 January - 31 December 2022
Interest income	4,875,167	3,128,186
Foreign exchange gain	148,512	2,583,236
	5,023,679	5,711,422

B) Financial Expense:

Interest expense	(96,879,925)	(95,029,261)
Bank commissions and overdue charges	(22,930,014)	(13,712,751)
Severance pay interest cost	(3,324,802)	(2,651,756)
Bail expense	(19,367)	(41,563)
Foreign exchange loss	(95,359)	(7,957,146)
Other	(6,552,781)	(5,793,521)
	(129,802,248)	(125,185,998)

NOTE 25 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND TAX LIABILITIES)

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.

Taxes on income for the years 1 January- 31 December 2023 and 2022 are summarised as follow:

	1 January - 31 December 2023	1 January - 31 December 2022
Deferred tax income/ (expenses)	110,090,398	(26,026,392)
Taxation on income/ (expenses)	110,090,398	(26,026,392)

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

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NOTE 25 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND TAX LIABILITIES) (Continued)

Reconciliation of taxation on income is as follows:

Profit before tax	92,440,790	96,404,390
Tax calculated at tax rates applicable to the profit	(23,110,198)	(22,173,010)
Tax losses for which no deferred income tax asset was recognized	-	(9,458,263)
Deductable income	1,107,259	474,771
Deferred tax rate change	(31,853,987)	-
Inflation deferred tax effect	198,685,855	-
Non-deductable expenses	(6,325,094)	(6,813,550)
Effect of investment incentives not expected to be utilized	(9,498,709)	-
Other	(18,914,728)	11,943,660
Total tax income/ (expense)	110,090,398	(26,026,392)

The Company recognises deferred income tax assets and liabilities based upon temporary differences arising between their financial statements as reported under the statutory tax financial statements.

Details of cumulative temporary differences and the resulting deferred income tax assets and liabilities provided as of 31 December 2023 and 2022 were as follows:

	Cumulative temporary differences		Deferred income tax assets/(liabilities)	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Revaluation of land, land improvements, buildings, machinery and equipment	536,788,260	915,057,323	(129,429,592)	(170,971,621)
Difference between carrying value (excluding revaluation reserve) and tax bases of property, plant and equipment and intangible assets	(1,253,050)	378,730,115	1,414,320	(75,746,023)
Deduction of investment incentive (*)	-	(93,497,997)	-	15,651,300
Provision for employment termination benefits	(9,916,867)	(21,417,444)	2,479,217	4,283,489
Financial assets				
fair value fund	(53,788,570)	41,272,482	2,497,448	(2,077,551)
Other	46,594,584	38,616,867	(11,648,647)	(7,723,374)
Deferred tax assets			6,390,985	19,934,789
Deferred tax liabilities			(141,078,239)	(256,518,569)
Deferred tax assets/(liabilities) - net			(134,687,254)	(236,583,780)

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

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NOTE 25 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND TAX LIABILITIES) (Continued)

The movement of deferred tax liabilities - net is as follows:

1 January	(236,583,780)	(180,300,705)
Credited to statement of comprehensive income	110,090,398	(26,026,392)
Charged to actuarial loss arising from defined benefit plans	2,552,620	2,351,832
Charged to fair value reserve of available-for-sale investments	149,359	(1,693,304)
Revaluation of property, plant and equipment	(10,895,852)	(30,915,211)
31 December 2023	(134,687,254)	(236,583,780)

As of 31 December 2023 and 2022, the years of expiry for the statutory losses for which no deferred tax asset was recognised are as follows:

Expiration years	31 December 2023	31 December 2022
2023	--	15,901,843
2024	26,731,994	26,731,994
2025	34,162,032	34,162,032
2026	48,027,110	48,027,110
2027	24,923,671	24,923,671
	133,844,807	149,746,650

Tax Advantages Obtained Under the Investment Incentive System

As of 31 December 2023, the Company does not have any portion of the tax advantage arising from investment incentives that corresponds to the current period tax liability. In accordance with legal regulations, regular indexing is conducted annually, taking into account the remaining investment contribution amount due to the application of reduced corporate tax rates associated with the Investment Incentive Certificates. Consequently, in 2024 and subsequent years, an investment contribution amount of TL 381,945,675 will be available for utilization.

It is anticipated that the deferred tax assets resulting from investment incentives will not be utilized during the upcoming ten-year period (Note 13).

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NOTE 26 - EARNINGS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to equity holders of the parent Company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased and held as treasury shares.

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 earning/ (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.

		1 January - 31 December 2023	1 January - 31 December 2022
Net profit for the period	A	202,531,188	70,377,998
Weighted average number of ordinary shares issued with a nominal value of 1 Kr	B	9,476,270,845	9,476,270,845
Profit per 100 shares with a Kr1 face value	A/B	2,1372	0,7427

There are no differences between basic and diluted loss per share.

NOTE 27 - FINANCIAL INSTRUMENTS

Financial assests at fair value through other comprehensive income:

	31 December 2023	31 December 2022
Financial assests at fair value through other comprehensive income	19,420,385	62,595,476
	19,420,385	62,595,476

	31 December 2023		31 December 2022	
	Carrying amount (TL)	Share (%)	Carrying amount (TL)	Share (%)
Desa Enerji	5,629,624	1.29	5,898,743	1.29
YDT	13,790,761	0.93	19,266,607	0.93
Viking Kağıt(*)	-	-	37,430,126	1.69
	19,420,385		62,595,476	

(*) The Company sold all of its Viking Kağıt shares to Yaşar Holding in 2023.

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NOTES TO THE FINANCIAL STATEMENTS 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 27 - FINANCIAL INSTRUMENTS (Continued)

Viking Kağıt is stated at quoted market prices as it is listed on BIST; YDT and Desa Enerji are stated at their fair values which are determined based on the discounted cash flows by using the market interest rates and the risk premium specific to unlisted companies within the related sectors. As of 31 December 2023, nominal discount and growth rates were used in the fair value calculations.

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	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
YDT	%50.13	%38.03	1%	1%
Desa Enerji	%48.71	%36.93	2%	2%

The movements of assets with fair value difference recorded in other comprehensive income between 1 January - 31 December are as follows:

	2023	2022
1 January	62,595,476	30,652,436
Fair value (decrease)/ increase		
Viking Kağıt	(37,430,126)	30,215,808
Desa Enerji	(269,119)	(10,826,759)
YDT	(5,475,846)	12,553,991
31 December	19,420,385	62,595,476

Movements of fair value reserves of available-for-sale investment are as follows:

	2023	2022
1 January	32,172,779	--
Increase in fair value	(2,987,181)	33,866,083
Share rate decrease	(28,705,018)	--
Deferred income tax on fair value reserves of available-for-sale investments	149,359	(1,693,304)
31 December	629,939	32,172,779

In cases where the financial assets do not have any market value, the generally accepted valuation methods used in calculating the fair value include some assumptions based on the best estimates of the management, and the values that may occur in the event of purchase / sale transactions may differ from these values.

**NOTES TO THE FINANCIAL STATEMENTS 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 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, 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 and seeks to minimize potential adverse effects on the financial performance of the Company.

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.

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 risk arises from cash and cash equivalents, deposits in banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. These risks are monitored by credit ratings and limiting the aggregate risk to any individual counter party and receiving guarantees when required. The Company's exports are realised by its related party, YDT and the related export receivables are monitored by YDT. The following tables analyse the Company's credit risk as of 31 December 2023 and 2022:

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NOTES TO THE FINANCIAL STATEMENTS 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 28 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

31 December 2023:

31 December 2023:	Receivables				Bank Deposits	Total
	Trade Receivables (1)		Other Receivables			
	Related Parties	Third Parties	Related Parties	Third Parties		
Maximum amount of credit risk exposed as of reporting date (A+B+C+D+E) (2)	8,285,586	104,913,388	-	40,493,662	24,160,095	177,852,731
- The part of maximum credit risk covered with guarantees	-	13,275,420	-	-	-	13,275,420
A. Net book value of financial assets not due or not impaired	4,058,557	85,508,515	-	40,493,662	24,160,095	154,220,829
B. Net book value of financial assets whose conditions are renegotiated, otherwise will be classified as past due or impaired	-	-	-	-	-	-
C. Net book value of assets past due but not impaired (3)	4,227,029	19,404,873	-	-	-	23,631,902
- The part covered by guarantees etc	-	4,023,213	-	-	-	4,023,213
D. Net book value of assets impaired	-	-	-	-	-	-
- Past due (gross book value)	-	5,528,618	-	-	-	5,528,618
- Impairment amount (-)	-	(5,528,618)	-	-	-	(5,528,618)
- The part of net value covered with guarantees etc	-	-	-	-	-	-
- Not due (gross book value)	-	-	-	-	-	-
- Impairment amount (-)	-	-	-	-	-	-
- The part of net value covered with guarantees etc	-	-	-	-	-	-
E. Off balance items exposed to credit risk	-	-	-	-	-	-

(1) Trade receivables balances mainly resulted from the sale of pet bottled and bottled water.

(2) In the determination of related amounts, guarantees received providing increase credit reliability are not take into account.

(3) Considering the past experiences and collections subsequent to the balance sheet date, the Company management does not foresee any collection problem for the overdue.

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS 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 28 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

31 December 2022:

31 December 2022:

	Receivables					
	Trade Receivables (1)		Other Receivables			
	Related Parties	Third Parties	Related Parties	Third Parties	Bank Deposits	Total
Maximum amount of credit risk exposed as of reporting date (A+B+C+D+E) (2)	19,088,967	84,616,577	-	74,071,952	43,425,211	221,202,707
- The part of maximum credit risk covered with guarantees	-	7,302,151	-	-	-	7,302,151
A. Net book value of financial assets not due or not impaired	7,222,984	77,125,158	-	74,071,952	43,425,211	201,845,305
B. Net book value of financial assets whose conditions are renegotiated, otherwise will be classified as past due or impaired	-	-	-	-	-	-
C. Net book value of assets past due but not impaired (3)	11,865,983	7,491,419	-	-	-	19,357,402
- The part covered by guarantees etc	-	500,346	-	-	-	500,346
D. Net book value of assets impaired	-	-	-	-	-	-
- Past due (gross book value)	-	8,362,382	-	-	-	8,362,382
- Impairment amount (-)	-	(8,362,382)	-	-	-	(8,362,382)
- The part of net value covered with guarantees etc	-	-	-	-	-	-
- Not due (gross book value)	-	-	-	-	-	-
- Impairment amount (-)	-	-	-	-	-	-
- The part of net value covered with guarantees etc	-	-	-	-	-	-
E. Off balance items exposed to credit risk	-	-	-	-	-	-

(1) Trade receivables balances mainly resulted from the sale of pet bottled and bottled water.

(2) In the determination of related amounts, guarantees received providing increase credit reliability are not take into account.

(3) Considering the past experiences and collections subsequent to the balance sheet date, the Company management does not foresee any collection problem for the overdue.

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NOTE 28 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

31 December 2023	Receivables		Total
	Trade Receivables	Other Receivables	
1 - 30 days overdue	20,297,291	-	20,297,291
1 - 3 months overdue	988,415	-	988,415
3 - 12 months overdue	2,125,358	-	2,125,358
1- 5 years overdue	220,838	-	220,838
The part covered by guarantees	(4,023,213)	-	(4,023,213)
	23,631,902	-	23,631,902

31 December 2022	Receivables		Total
	Trade Receivables	Other Receivables	
1 - 30 days overdue	7,116,361	-	7,116,361
1 - 3 months overdue	5,138,521	-	5,138,521
3 - 12 months overdue	7,102,520	-	7,102,520
The part covered by guarantees	(500,346)	-	(500,346)
	19,357,402	-	19,357,402

B) Liquidity risk:

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, 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 collection of trade receivables on time in order to and to prevent any financial burden that may result from late collections and arranges cash and non-cash credit lines with banks for the use of the Company.

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NOTE 28 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

The Company's liquidity analysis in respect of categories of financial liabilities as of 31 December 2023 and 2022 are as follows;

31 December 2023:

	Book value	Total cash outflows per agreement (=I+II+III)	Less than 3 months (I)	3 - 12 months (II)	1 - 5 years (III)
Contract terms:					
Non-derivative financial liabilities					
Bank Borrowings	243,173,856	308,599,690	68,879,675	205,883,353	33,836,662
Trade Payables	268,270,757	268,270,757	207,874,300	33,129,021	27,267,436
Other Payables	37,413,372	37,413,369	37,413,369	-	-
Borrowings from leases	33,676,671	47,686,834	5,715,029	16,677,921	25,293,885
	548,857,985	614,283,816	314,167,344	239,012,374	61,104,098

31 December 2022:

	Book value	Total cash outflows per agreement (=I+II+III)	Less than 3 months (I)	3 - 12 months (II)	1 - 5 years (III)
Contract terms:					
Non-derivative financial liabilities					
Bank Borrowings	406,415,525	436,862,776	84,253,529	347,660,965	4,948,282
Trade Payables	273,747,004	273,747,004	237,428,729	34,106,317	2,211,958
Other Payables	78,522,964	47,655,259	47,655,259	-	-
Borrowings from leases	56,225,287	81,577,987	7,679,131	22,350,850	51,548,006
	814,910,780	839,843,026	377,016,648	404,118,132	58,708,246

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. These risks are monitored by analyses of the foreign currency position. Current risks are discussed by the Audit Committee and Board of Director's meetings regularly and the foreign exchange rates relevant to the foreign currency position of the Company are followed up.

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

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NOTE 28 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

	31 December 2023				Foreign Currency Position				31 December 2022			
	TL Equivalent	USD	EUR	Other TL Equivalent	TL Equivalent	USD	EUR	Other TL Equivalent	TL Equivalent	USD	EUR	Other TL Equivalent
1. Trade Receivables	13,245,280	82,599	85,825	8,018,059	14,393,976	128,562	307,934	318,197				
2a. Monetary Financial Assets (Cash, Bank accounts included)	8,406,274	199,436	77,830	--	6,703,777	91	119	2,532				
2b. Non-Monetary Financial Assets	-	-	-	-	-	-	-	-				
3. Other	-	-	-	-	-	-	-	-				
4. Current Assets (1+2+3)	21,651,544	282,035	163,655	8,018,059	21,097,753	220	427	320,729				
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)	21,651,544	282,035	163,655	8,018,059	21,097,753	220	427	320,729				
10. Trade Payables	147,454,260	4,948,113	32,391	470,972	154,566,717	4,948,113	32,391	776,034				
11. Financial Liabilities	-	-	-	-	-	-	-	-				
12a. Monetary Other Liabilities	2,100,249	51,282	18,015	-	2,175,642	51,282	18,015	-				
12b. Non-Monetary Other Liabilities	-	-	-	-	-	-	-	-				
13. Short Term Liabilities (10+11+12)	149,554,509	4,999,395	50,406	470,972	156,742,359	4,999,395	50,406	776,034				
14. Trade Payables	-	-	-	-	-	-	-	-				
15. Financial Liabilities	-	-	-	-	-	-	-	-				
16a. Monetary Other Liabilities	-	-	-	-	-	-	-	-				
16b. Non-Monetary Other Liabilities	-	-	-	-	-	-	-	-				
17. Long Term Liabilities (14+15+16)	-	-	-	-	-	-	-	-				
18. Total Liabilities (13+17)	149,554,509	4,999,395	50,406	470,972	156,742,359	4,999,395	50,406	776,034				
19. Net Asset/ (Liability) Position of Off Balance Sheet												
Derivative Instruments (19a-19b)	-	-	-	-	-	-	-	-				
19a. Amount of Asset Nature Off-Balance Sheet												
Derivative Instruments	-	-	-	-	-	-	-	-				
19b. Amount of Liability Nature Off-Balance Sheet												
Derivative Instruments	-	-	-	-	-	-	-	-				
20. . Net Foreign Asset/ Liability Position (9+18+19)	(127,902,965)	(4,717,360)	113,249	7,547,087	(135,644,606)	(4,779,856)	376,207	(455,305)				
21. Net Foreign Currency Asset/ (Liability) Position of Monetary Items (UFRS 7.B23)												
(=1+2a+5+6a-10-11-12a-14-15-16a)	(127,902,965)	(4,717,360)	113,249	7,547,087	(135,644,606)	(4,779,856)	376,207	(455,305)				
22. Total Fair Value of Financial Instruments Used for Foreign Currency Hedging												
23. Export	201,318,450	727,051	802,961	141,993,670	175,738,236	1,063,574	895,030	113,570,483				
24. Import	6,866,330	186,985	--	--	8,265,075	268,262	-	-				

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NOTE 28 -NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)**31 December 2023**

	Table of Sensitivity Analysis for Foreign Currency Risk			
	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Change of USD by 10% against TL:				
1- Asset/Liability denominated in USD	(13,913,606)	13,913,606	(13,913,606)	13,913,606
2- The part of USD risk hedged (-)	-	-	-	-
3- USD Effect - net (1+2)	(13,913,606)	13,913,606	(13,913,606)	13,913,606
Change of EUR by 10% against TL:				
4- Asset/Liability denominated in EUR	368,600	(368,600)	368,600	(368,600)
5- The part of EUR risk hedged (-)	-	-	-	-
6- EUR Effect - net (4+5)	368,600	(368,600)	368,600	(368,600)
Change of other currencies by 10% against TL:				
7- Assets/Liabilities denominated in other foreign currencies	754,709	(754,709)	754,709	(754,709)
8- The part of other foreign currency risk hedged (-)	-	-	-	-
9- Other Foreign Currency Effect - net (7+8)	754,709	(754,709)	754,709	(754,709)
TOTAL (3+6+9)	(12,790,297)	12,790,297	(12,790,297)	12,790,297

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NOTE 28 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

31 December 2022

	Table of Sensitivity Analysis for Foreign Currency Risk			
	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Change of USD by 10% against TL:				
1- Asset/Liability denominated in USD	(14,754,369)	14,754,369	(14,754,369)	14,754,369
2- The part of USD risk hedged (-)	-	-	-	-
3- USD Effect - net (1+2)	(14,754,369)	14,754,369	(14,754,369)	14,754,369
Change of EUR by 10% against TL:				
4- Asset/Liability denominated in EUR	1,235,441	(1,235,441)	1,235,441	(1,235,441)
5- The part of EUR risk hedged (-)	-	-	-	-
6- EUR Effect - net (4+5)	1,235,441	(1,235,441)	1,235,441	(1,235,441)
Change of other currencies by 10% against TL:				
7- Assets/Liabilities denominated in other foreign currencies	(45,531)	45,531	(45,531)	45,531
8- The part of other foreign currency risk hedged (-)	-	-	-	-
9- Other Foreign Currency Effect - net (7+8)	(45,531)	45,531	(45,531)	45,531
TOTAL (3+6+9)	(13,564,459)	13,564,459	(13,564,459)	13,564,459

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NOTES TO THE FINANCIAL STATEMENTS 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 28 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

ii) *Interest 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>
	<u>31 December 2023</u> <u>31 December 2022</u>

Financial instruments with fixed interest rate

Financial assets	177,900,150	221,265,986
Financial liabilities	472,833,123	789,567,312

Financial instruments with floating interest rate

Financial liabilities	113,225,001	30,580,060
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iii) *Price risk*

The operational profitability of the Company and the cash flows generated by these operations are affected by the changes in the raw material prices and market competition. These prices are closely followed up by the Company management to reduce the pressure of the costs on selling prices and necessary precautions for cost reductions are taken accordingly. Price risk is monitored by Board of Directors and Audit Committee via regular meetings.

D) **Capital risk management:**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Net debt is calculated by deducting cash and cash equivalents from total debts (including loans as shown in the balance sheet).

	31 December 2023	31 December 2022
Total financial liabilities	276,850,527	462,640,812
Less: Cash and cash equivalents (Note 5)	(24,205,714)	(43,485,524)
Net debt	252,644,813	419,155,288
Total equity	1,121,024,600	939,884,945
Debt/equity ratio	23%	45%

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**NOTE 29 - FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK
MANAGEMENT DISCLOSURES)**

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 a 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 realise in a current market exchange.

The following methods and assumptions were used to estimate the fair value of the financial instruments:

Financial Assets

The fair values of balances denominated in foreign currencies, which are translated at year-end exchange rates, are considered to approximate to their carrying values. Cash and cash equivalents are carried at their fair values. The fair values of trade receivables and due from related parties, are considered to approximate their respective carrying values due to their short-term nature. Financial investments are shown with their fair values.

Financial Liabilities

Fair values of bank borrowings are disclosed in Note 14.

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 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).

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NOTES TO THE FINANCIAL STATEMENTS 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 29 - FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK MANAGEMENT DISCLOSURES) (Continued)

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2023 and 2022:

31 December 2023

	Level 1	Level 2	Level 3 (*)	Total
Financial investments	-	-	19,420,385	19,420,385
Total assets	-	-	19,420,385	19,420,385

31 December 2022

	Level 1	Level 2	Level 3 (*)	Total
Financial investments	37,430,126	-	25,165,350	62,595,476
Total assets	37,430,126	-	25,165,350	62,595,476

(*) Please see Note 27 for the movement of Level 3 financial instruments.

The non-financial assets of the Company calculated at their fair values as of 31 December 2023 and 2022 are as follows;

31 December 2023

	Level 1	Level 2	Level 3	Total
<i>Property, Plant and Equipment:</i>				
Land	-	-	132,548,279	132,548,279
Buildings and land improvements	-	-	432,854,953	432,854,953
Machinery and equipment	-	-	754,433,956	754,433,956
Total assets	-	-	1,319,837,188	1,319,837,188

31 December 2022

	Level 1	Level 2	Level 3	Total
<i>Property, Plant and Equipment:</i>				
Land	-	-	132,548,279	132,548,279
Buildings and land improvements	-	-	452,926,776	452,926,776
Machinery and equipment	-	-	799,208,265	799,208,265
Total assets	-	-	1,384,683,320	1,384,683,320

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NOTES TO THE FINANCIAL STATEMENTS 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 30 - FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITORS

The explanation regarding the fees for the services rendered by the independent audit firms, which was prepared pursuant to the POA's Board Decision published in the Official Gazette on March 30, 2021, and the preparation principles of which were based on the letter of the POA dated August 19, 2021 are as follows:

	2023	2022
Independent audit fees for the reporting period	1,173,900	304,825
Fees for tax consultancy services	-	-
Fees for other assurance services	-	-
Fees for other non-audit services	-	-
	1,173,900	304,825

NOTE 31 - SUBSEQUENT EVENTS

None.

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