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	**How the matter was addressed in our audit**
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. The Company has TL 1,207,501,651 revenue as of 31 December 2023. 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. 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.	The audit procedures performed on this topic include the following: - 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.

The key audit matter	How the matter was addressed in our audit
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. 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. 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.	The audit procedures performed on this topic include the following: - 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.

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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".

The key audit matter	**How the matter was addressed in our audit**
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. 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.	The audit procedures performed on this topic include the following: - 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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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.)

		Audited	*Audited*
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.)

	Notes	*Audited* 1 January - 31 December 2023	*Audited* 1 January - 31 December 2022
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**
Loses 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)**
Loses 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.)

				Other comprehensive income/(expense) not to be reclassified to profit or loss						
	Share Capital	**Adjustment to share capital**	**Share Premiums (Discounts)**	**Gains on Revaluation of Property Plant and Equipments**	**Loses on Remeasurements of Defined Benefit Plans**	**Gains from Financial Assests at Fair Value Through Other Comprehensive Income**	**Restricted Reserves**	**Accumulated Profits/(Losses)**	**Net Profit for the Period**	**Total Equity**
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.)

	Notes	*Audited* 1 January - 31 December 2023	*Audited* 1 January - 31 December 2022
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 impairement 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 Venturesand 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.

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 Izmir. The Company stopped its production activities at the Akçaağaç 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 Istanbul ('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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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).

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 monhtly 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.

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;

	Years
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 seperate 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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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

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.

(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

(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.

(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.

(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**

(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).

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

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 polycarbone carboys defined in related regulations, number of units polycarbone and glass carboys on the market, past statistical data related to amortization rates, turnover rates, unit deposit prices, residual value of policarbone 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
Pallete and viols	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.

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

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**

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

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
Cost/Revaluation:					
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**
Cost/Revaluation:					
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.

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

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
Cost/Revaluation:							
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**
Accumulated depreciation (-):							
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.

(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:

	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**

(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**

(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)

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:

31 December 2023:	**Land**	**Building and land improvements**	**Machinery and equipment**
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**

31 December 2022:	**Land**	**Building and land improvements**	**Machinery and equipment**
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**

(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.

(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%.

(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
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
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**

(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

A) Other short-term provisions:	**31 December 2023**	**31 December 2022**
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).

(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 2022 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 parites		-	-	-	-	-
D. Total amout of other CPM				-	-	-
i. Total amount of CPM given on behalf of the main shareholder		-	-	-	-	-
ii. Total amount of CPM given on behalf 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 inscope of C		-	-	-	-	-
			95,877,795			**76,528,987**

The ratio of total amount of other CPM to Equity -

(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).

(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).

(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 asssets		
VAT receivable	53,202,467	50,002,721
Other	92,471	99,299
	53,294,938	**50,102,020**

(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

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:

	31 December 2023		31 December 2022	
Share owners	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.

(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/TFRS	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 avantable 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.

(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)

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-19.1settled 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**

(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**

	1 January - 31 December 2023	**1 January - 31 December 2022**
B) Marketing, selling and distribution expenses:		
Transportation and export expenses	151,405,517	170,511,462
Personnel	62,889,096	57,793,558
Oursourced 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**

(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

A) Income from investment activities:

	1 January - 31 December 2023	1 January - 31 December 2022
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.

(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)**

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

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))**

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

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).

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

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.

(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.

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:

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

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

31 December 2023:	**Receivables**					
	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)	**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 reliabilty 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.

(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:	**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 reliabilty 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.

(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)

	Receivables		
31 December 2023	**Trade Receivables**	**Other Receivables**	**Total**
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**

	Receivables		
31 December 2022	**Trade Receivables**	**Other Receivables**	**Total**
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.

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

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

The Company'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.

(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)

	Foreign Currency Position							
	31 December 2023				31 December 2022			
	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**	**-**	**-**

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**

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**

(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.

	Interest Rate Position Schedule	
	31 December 2023	**31 December 2022**
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

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%**

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).

(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
Property, Plant and Equipment:				
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
Property, Plant and Equipment:				
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**

(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 sevices	-	-
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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