

**PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.**

**FINANCIAL STATEMENTS AT 1 JANUARY - 31 DECEMBER 2023  
TOGETHER WITH 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 Entegre Et ve Un Sanayii Anonim Şirketi

**A) Audit of the Financial Statements**

*Opinion*

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

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

*Basis for Opinion*

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



### *Key Audit Matters*

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

#### Revenue recognition

Refer to notes 2.6 and 21 to the financial statements for summary of significant accounting policies and significant accounting estimates and assumptions for revenue recognition.

<u>The key audit matter</u>	<u>How the matter was addressed in our audit</u>
<p>The main activity of the company is to produce meat and by-products of large and small cattle, poultry and fish, as well as frozen dough products and ready-made meals. The Company's revenue consists of domestic and foreign sales, and revenue is recorded as soon as performance obligations regarding product sales are fulfilled.</p> <p>Company has TL 4.949.210.474 revenue as of 31 December 2023.</p> <p>The recognition of revenue in the period when the product is sold is related to the sales contract of the product and depends on the proper evaluation of the control over the terms of the contract.</p> <p>The revenue recognition was identified as one of the key audit matters, as there may be a risk of improper revenue recognition in the incorrect accounting period and with an incorrect amount since it requires management judgement.</p>	<p>We have performed the following audit procedures to be responsive to this area:</p> <ul style="list-style-type: none"><li>- Inspecting the journal entries posted by the Company regarding the revenue within the reporting period.</li><li>- With the help of our Information Systems experts, the design, implementation and operational effectiveness of the controls related to the revenue process were tested.</li><li>- It was examined whether control was transferred to the customer through the sales documents received for the sales transactions selected with the sample, and the test for the existence of revenue was carried out.</li><li>- Obtaining confirmation letters for trade receivables on a sample basis and the reconciliation of trade receivable balances with the financial statements was checked.</li><li>- 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.</li></ul>



#### Application of Hyperinflationary Accounting

Refer to Note 2.6 to the financial statements for summary of significant accounting policies Application of Hyperinflationary Accounting.

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

#### *Other Matter*

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

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

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

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

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



### *Auditor's Responsibilities for the Audit of the Financial Statements*

Responsibilities of auditors in an audit are as follows:

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

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

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



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

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

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

#### **B) Other Legal and Regulatory Requirements**

1) Pursuant to the fourth paragraph of Article 398 of Turkish Commercial Code ("TCC") numbered 6102; the Independent Auditor's Report on System and Committee of Early Identification of Risks is presented to the Board of Directors of the Company on 3 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 -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**

Ahmet Hamdi Cura, SMMM  
Engagement Partner  
8 May 2024  
İzmir, Türkiye

# **PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.**

## **FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023**

<b>CONTENTS</b>	<b>PAGE</b>
<b>STATEMENTS OF FINANCIAL POSITION (BALANCE SHEET) .....</b>	<b>1-3</b>
<b>STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME .....</b>	<b>4-5</b>
<b>STATEMENTS OF CHANGES IN EQUITY .....</b>	<b>6</b>
<b>STATEMENTS OF CASH FLOW .....</b>	<b>7-8</b>
<b>NOTES TO FINANCIAL STATEMENTS .....</b>	<b>9-78</b>
NOTE 1 ORGANISATION AND NATURE OF OPERATIONS .....	9
NOTE 2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS .....	9-34
NOTE 3 INTEREST IN OTHER ENTITIES .....	33-38
NOTE 4 CASH AND CASH EQUIVALENTS .....	38
NOTE 5 TRANSACTIONS AND BALANCES WITH RELATED PARTIES .....	39-43
NOTE 6 TRADE RECEIVABLES AND PAYABLES .....	43-44
NOTE 7 OTHER RECEIVABLES AND PAYABLES .....	45
NOTE 8 INVENTORIES .....	45
NOTE 9 BIOLOGICAL ASSETS .....	45-46
NOTE 10 PREPAID EXPENSES AND DEFERRED INCOME .....	46
NOTE 11 PROPERTY, PLANT AND EQUIPMENT .....	47-49
NOTE 12 INTANGIBLE ASSETS .....	50
NOTE 13 INVESTMENT PROPERTIES .....	50
NOTE 14 GOVERNMENT GRANTS AND INCENTIVES .....	51
NOTE 15 BORROWINGS AND BORROWING COSTS .....	51-52
NOTE 16 PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES .....	52-54
NOTE 17 EMPLOYMENT TERMINATION BENEFITS .....	54-55
NOTE 18 EXPENSES BY NATURE .....	55-56
NOTE 19 OTHER ASSETS AND LIABILITIES .....	56
NOTE 20 SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS .....	56-59
NOTE 21 REVENUE AND COST OF SALES .....	59
NOTE 22 GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES .....	60
NOTE 23 OTHER OPERATING INCOME AND EXPENSES .....	61
NOTE 24 INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES .....	61
NOTE 25 EXPENSES CLASSIFIED .....	62
NOTE 26 FINANCIAL INCOME AND EXPENSES .....	62
NOTE 27 ANALYSIS OF OTHER COMPREHENSIVE INCOME .....	62
NOTE 28 INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) .....	63-66
NOTE 29 EARNINGS PER SHARE .....	67
NOTE 30 EFFECTS OF CHANGES IN FOREIGN CURRENCY RATES .....	67
NOTE 31 REPORTING IN HYPERINFLATIONARY ECONOMIES .....	67
NOTE 32 FINANCIAL INSTRUMENTS .....	67-68
NOTE 33 NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS ....	68-77
NOTE 34 FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK MANAGEMENT DISCLOSURES) .....	78-80
NOTE 35 SUBSEQUENT EVENTS .....	80

# PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

## STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2023

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

	Notes	1 January - 31 December 2023	1 January - 31 December 2022
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	54.457.411	92.623.511
Trade receivables		713.865.489	635.172.079
- Trade receivables from related parties	5	557.714.089	517.046.263
- Trade receivables from third parties	6	156.151.400	118.125.816
Other receivables		143.572.563	301.598.389
- Other receivables from related parties	5	109.343.730	207.349.911
- Other receivables from third parties		34.228.833	94.248.478
Inventories	8	446.340.401	450.244.586
Biological assets	9	168.092.556	228.083.627
Current income tax assets	28	-	7.967.332
Prepaid expenses		13.118.686	18.166.595
- Prepaid expenses to third parties	10	13.118.686	18.166.595
Other current assets		26.290.055	34.061.716
- Other current assets from third parties	19	26.290.055	34.061.716
<b>TOTAL CURRENT ASSETS</b>		<b>1.565.737.161</b>	<b>1.767.917.835</b>
<b>Non-Current Assets</b>			
Financial investments	32	14.396.057	19.780.383
Investments in associates accounted for using equity method	3	1.213.378.889	1.267.792.684
Investment property	13	186.210.000	133.993.337
Property, plant and equipment	11	3.631.930.388	3.625.474.511
- Land		2.240.842.736	2.240.842.736
- Land improvements		67.891.066	64.489.700
- Buildings		499.128.277	511.503.245
- Machinery and equipment		738.332.542	752.201.868
- Vehicles		5.908.914	5.031.615
- Furniture and fixtures		41.327.745	43.513.094
- Construction-in-progress		38.499.108	7.892.253
Right of use assets		36.578.001	12.063.517
Intangible assets		25.336.653	11.128.346
- Other intangible assets	12	25.336.653	11.128.346
Prepaid expenses		4.606.755	5.479.794
- Prepaid expenses to third parties	10	4.606.755	5.479.794
<b>TOTAL NON-CURRENT ASSETS</b>		<b>5.112.436.743</b>	<b>5.075.712.572</b>
<b>TOTAL ASSETS</b>		<b>6.678.173.904</b>	<b>6.843.630.407</b>

These financial statements at 1 January - 31 December 2023 and for the year then ended were approved for issue by the Board of Directors of Pınar Entegre Et ve Un Sanayii A.Ş. on 8 May 2024. General Assembly and specified regulatory bodies have the right to make amendments after statutory consolidated financial statements issued.

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



**PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.****STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2023**

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

	Notes	1 January - 31 December 2023	1 January - 31 December 2022
<b>LIABILITIES</b>			
<b>Short-Term Liabilities</b>			
Short-term borrowings		480.086.145	577.708.354
- Short-term borrowings to third parties		480.086.145	577.708.354
- Bank borrowings	15	480.086.145	577.708.354
Short-term portion of long-term borrowings			
- Short-term portion of long-term borrowings from third parties		31.545.111	36.581.185
- Bank borrowings	15	22.388.608	34.479.490
- Borrowings from lease liabilities	15	9.156.503	2.101.695
Other financial liabilities	15	38.152.042	47.980.223
- Other miscellaneous financial liabilities		38.152.042	47.980.223
Trade payables		758.313.708	614.115.377
- Trade payables due to related parties	5	160.776.470	126.056.320
- Trade payables due to third parties	6	597.537.238	488.059.057
Payables related to employee benefits	17	10.154.489	9.095.020
Other payables		26.787.257	101.864.775
- Other payables due to related parties	5	5.077.011	1.807.577
- Other payables due to third parties	7	21.710.246	100.057.198
Deferred income		1.576.696	1.967.494
- Deferred income from third parties	10	1.576.696	1.967.494
Current tax liabilities	28	4.253.270	--
Short-term provisions		20.956.907	28.925.856
- Short-term provision for employee benefits	17	1.020.947	2.759.775
- Other short-term provisions	16	19.935.960	26.166.081
Other current liabilities		157.164	19.393
- Other current liabilities due to third parties	19	157.164	19.393
<b>TOTAL SHORT-TERM LIABILITIES</b>		<b>1.371.982.789</b>	<b>1.418.257.677</b>
<b>Long-Term Liabilities</b>			
Long-term borrowings	15	23.620.127	33.805.137
- Long-term borrowing due to third parties		23.620.127	33.805.137
- Bank borrowings	15	8.228.613	30.143.662
- Borrowings from lease liabilities	15	15.391.514	3.661.475
Long-term provisions		140.623.780	237.871.160
- Long-term provisions for employee termination benefits	17	140.623.780	237.871.160
Deferred income tax liabilities	28	472.777.974	363.011.538
<b>TOTAL LONG - TERM LIABILITIES</b>		<b>637.021.881</b>	<b>634.687.835</b>
<b>TOTAL LIABILITIES</b>		<b>2.009.004.670</b>	<b>2.052.945.512</b>

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

**PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.****STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2023**

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

	Notes	1 January - 31 December 2023	1 January - 31 December 2022
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent company</b>		<b>4.669.169.234</b>	<b>4.790.684.895</b>
Share capital	20	43.335.000	43.335.000
Adjustment to share capital	20	1.269.540.672	1.269.540.672
Other accumulated comprehensive income/ (loss)			
that will not be reclassified to profit/ (loss)		1.189.131.493	1.564.765.297
- Gains (losses) on revaluation and remeasurement		1.091.550.938	1.217.604.151
Increases (decreases) on			
revaluation of property, plant and equipment		1.218.000.024	1.347.197.335
- Actuarial loss arising from defined benefit plans		(126.449.086)	(129.593.184)
- Share of other comprehensive income			
of investments in associates accounted for			
using equity method that will not be			
reclassified to profit/ (loss)		95.285.907	339.337.983
- Revaluation or classification earnings			
of assets at fair value through			
other comprehensive income	32	2.294.648	7.823.163
Other accumulated comprehensive income			
that will be reclassified to profit/ (loss)		23.174.516	22.717.130
- Share of other comprehensive income			
of investments in associates accounted for			
using equity method that will be reclassified to profit/ (loss)		23.174.516	22.717.130
Restricted reserves		480.193.857	457.567.632
- Legal reserves	20	480.193.857	457.567.632
Retained earnings		1.184.420.935	1.096.819.114
Net profit for the year		479.372.761	335.940.050
<b>TOTAL EQUITY</b>		<b>4.669.169.234</b>	<b>4.790.684.895</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>6.678.173.904</b>	<b>6.843.630.407</b>

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

**PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.****STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED AT 31 DECEMBER 2023**

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

	Notes	1 January - 31 December 2023	1 January- 31 December 2022
<b>PROFIT OR LOSS</b>			
Revenue	21	4.949.210.474	4.041.828.629
Cost of sales	21	(4.360.326.926)	(3.527.751.384)
<b>Gross profit from trading operations</b>		<b>588.883.548</b>	<b>514.077.245</b>
Change in fair value of biological assets	9	(90.408.749)	(59.529.552)
<b>Gross profit</b>		<b>498.474.799</b>	<b>454.547.693</b>
General administrative expenses	22	(169.631.095)	(121.873.371)
Marketing expenses	22	(262.042.018)	(237.880.908)
Research and development expenses	22	(25.367.107)	(16.977.521)
Other income from operating activities	23	60.202.616	44.271.411
Other expense from operating activities	23	(69.517.324)	(42.999.765)
<b>OPERATING PROFIT</b>		<b>32.119.871</b>	<b>79.087.539</b>
Income from investment activities	24	53.398.295	49.473.113
Expense from investment activities	24	(489.977)	(6.054.776)
Share of results of investment-in-associates	3	251.538.418	180.564.226
<b>OPERATING PROFIT BEFORE FINANCIAL INCOME (EXPENSE)</b>		<b>336.566.607</b>	<b>303.070.102</b>
Net Monetary gain/loss		328.289.370	198.113.635
Financial income	26	49.537.055	37.210.560
Financial expense	26	(220.126.570)	(150.632.883)
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>494.266.462</b>	<b>387.761.414</b>
Tax expense of continuing operations		(14.893.701)	(51.821.364)
- Current period tax expense	28	(32.258.723)	(43.875.891)
- Deferred tax income/ (expense)	28	17.365.022	(7.945.473)
<b>PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b>		<b>479.372.761</b>	<b>335.940.050</b>
<b>PROFIT FOR THE YEAR</b>		<b>479.372.761</b>	<b>335.940.050</b>
<b>Earnings per share</b>		<b>11,0620</b>	<b>7,7522</b>
Earnings per Kr 1 number of 100 shares from continuing operations	29	11,0620	7,7522

The accompanying notes are an integral part of these financial statements

**PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.****STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED AT 31 DECEMBER 2023**

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

	Notes	1 January- 31 December 2023	1 January - 31 December 2022
<b>OTHER COMPREHENSIVE INCOME/ (LOSS)</b>			
<b>Other comprehensive income/ (expense) that will not be reclassified to profit or loss:</b>		<b>(372.183.397)</b>	<b>1.507.137.812</b>
Gains on revaluation of property, plant and equipment	11	-	1.516.495.199
Losses on remeasurements of defined benefit plans	17	4.192.131	(161.991.479)
Share of other comprehensive income of associates accounted for using equity method that will not be reclassified to profit or loss		(5.528.515)	7.823.163
Revaluation increases of property, plant and equipment of associates accounted for using equity method	3	(244.052.076)	281.710.498
-Losses on remeasurements of defined benefit plans of associates accounted for using equity method	3	(244.052.076)	281.710.498
Taxes relating to other comprehensive income that will not be reclassified to profit or loss		(126.794.937)	(136.899.569)
- Gains on revaluation of property, plant and equipment, tax effect		(125.746.904)	(169.297.864)
- Losses on remeasurements of defined benefit plans, tax effect	28	(1.048.033)	32.398.295
<b>Other Comprehensive Income that will be reclassified to Profit or Loss:</b>		<b>457.386</b>	<b>23.671.076</b>
- Gains on foreign currency translation differences of associates accounted for using equity method	3	457.386	23.671.076
<b>OTHER COMPREHENSIVE INCOME/ (EXPENSE)</b>		<b>(371.726.011)</b>	<b>1.530.808.888</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>107.646.750</b>	<b>1.866.748.938</b>

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

# PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

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

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

	Share Capital	Adjustment to Share Capital	Gain (Losses) on Revaluation of Property, Plant and Equipment	Gain (Losses) on Remeasurements of Defined Benefits Plans	Other Comprehensive Income/(Expense) to be Reclassified in Profit or Loss	Other Comprehensive Income/(Expense) to be Reclassified in Profit or Loss	Restricted Reserves	Retained Earnings	Profit for the Year	Total Equity	
					Revaluation or Classifications Earnings of Assets at Fair Value Through Other Comprehensive Income	Share of Other Comprehensive Income of Associates Accounted for Using Equity Method that will be Reclassified to Profit or Loss					
1 January 2022	43.335.000	1.269.540.672	-	-	-	57.627.485	-	444.389.002	1.246.687.174	-	3.061.579.333
Transfers	-	-	-	-	-	-	-	13.178.630	(13.178.630)	-	-
Dividends (Note 5.ii.h)	-	-	-	-	-	-	-	-	(136.689.430)	-	(136.689.430)
Total comprehensive income (expense)	-	-	1.347.197.335	(129.593.184)	7.823.163	281.710.498	23.671.076	-	-	335.940.050	1.866.748.938
- Net profit fort the year	-	-	-	-	-	-	-	-	-	335.940.050	335.940.050
Other comprehensive income (expense)	-	-	1.347.197.335	(129.593.184)	7.823.163	281.710.498	23.671.076	-	-	-	1.530.808.888
(Decrease)/ Increase due to other changes profit shares	-	-	-	-	-	-	(953.946)	-	-	-	(953.946)
31 December 2022	43.335.000	1.269.540.672	1.347.197.335	(129.593.184)	7.823.163	339.337.983	22.717.130	457.567.632	1.096.819.114	335.940.050	4.790.684.895
1 January 2023	43.335.000	1.269.540.672	1.347.197.335	(129.593.184)	7.823.163	339.337.983	22.717.130	457.567.632	1.096.819.114	335.940.050	4.790.684.895
Transfers	-	-	(3.450.407)	-	-	-	-	22.626.225	316.764.232	(335.940.050)	-
Dividends (Note 5.ii.h)	-	-	-	-	-	-	-	-	(229.162.411)	-	(229.162.411)
Total comprehensive income (expense)	-	-	(125.746.904)	3.144.098	(5.528.515)	(244.052.076)	457.386	-	-	479.372.761	107.646.750
- Net profit fort the year	-	-	-	-	-	-	-	-	-	479.372.761	479.372.761
Other comprehensive income (expense)	-	-	(125.746.904)	3.144.098	(5.528.515)	(244.052.076)	457.386	-	-	-	(371.726.011)
31 December 2023	43.335.000	1.269.540.672	1.218.000.024	(126.449.086)	2.294.648	95.285.907	23.174.516	480.193.857	1.184.420.935	479.372.761	4.669.169.234

# PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

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

	Notes	1 January - 31 December 2023	1 January - 31 December 2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		<b>100.782.709</b>	<b>(417.916.447)</b>
<b>Profit for the Year</b>		<b>479.372.761</b>	<b>335.940.050</b>
<b>Profit for the Year from Continuing Activities</b>		<b>479.372.761</b>	<b>335.940.050</b>
<b>Adjustments Related to Reconciliation of</b>		<b>(332.051.135)</b>	<b>(316.951.670)</b>
<b>Net Profit for the Year:</b>			
Adjustments for tax expense	8	14.893.701	51.821.364
Adjustments for depreciation and amortization	11,12	128.980.804	105.127.487
Adjustments for interest expense and interest income		113.083.670	29.356.101
- Adjustments for interest income	23,24,26	(50.639.246)	(6.334.669)
- Adjustments for interest expense	23,26	163.722.916	35.690.770
Adjustments for provisions		(67.143.453)	(89.977.470)
- Adjustments for provisions related with employee benefits	22,26	(67.387.646)	(89.977.470)
- Adjustments related to provisions (reversal) for lawsuits and/or penalty	16	244.193	-
Adjustments for profit shares (income) expense		(27.740)	(24.421)
Adjustments for undistributed profits of investments			
Accounted for using methods		(251.538.418)	(180.564.226)
- Adjustments for undistributed profits of associates	3	(251.538.418)	(180.564.226)
Adjustments for fair value losses (gains)		(55.426.517)	(49.268.818)
- Fair value of investment property	13,24	(52.170.220)	(49.220.301)
Revisions on losses (gains)			
- Adjustments for fair value losses (gains) of biological assets or agricultural products	9	(3.256.297)	(48.517)
Adjustments for fair value loss (reversal)		125.746.904	2.801.052
- Adjustments for decrease in fair value of receivables		-	(44.104)
- Adjustments for tangible fixed asset impairments		125.746.904	2.845.156
Adjustments for losses (gains) arises from sale of fixed assets		(710.358)	(236.172)
- Adjustments for losses (gains) arises from sale of tangible assets	24	(710.358)	(236.172)
Adjustments for net monetary gain/loss		(326.822.681)	(180.865.812)
Adjustments for unrealized foreign currency translation differences		(13.087.047)	(5.120.755)
<b>Changes in Working Capital:</b>		<b>47.251.952</b>	<b>(377.125.357)</b>
Adjustments related to (increase)/ decrease in trade receivables		(49.729.744)	(61.522.706)
- (Increase)/ decrease in trade receivables from related parties	5	(18.045.263)	(61.258.425)
- Increase in trade receivables from non-related parties		(31.684.481)	(264.281)
Adjustments related to decrease/ (increase) in inventories		3.904.184	(104.812.959)
Decrease/(increase) in biological assets		(33.771.525)	(146.821.246)
Adjustments related to decrease/ (increase) in other receivables		60.019.645	(94.062.437)
Decrease/ (increase) in other receivables related with operations from non-related parties		60.019.645	(94.062.437)
(Increase)/ decrease in prepaid expenses		5.047.909	(5.995.060)
Adjustments for (decrease)/ increase in trade payables		138.474.164	(15.623.180)
- (Decrease)/ increase in trade payables to related parties	5	34.720.150	25.048.841
- Increase in trade payables to non-related parties		103.754.014	(40.672.021)
Increase/ (decrease) in payables related to employee benefits		798.424	(5.864.406)
Increase/ (decrease) in deferred income		(390.798)	1.091.405
Other adjustments for other increase in working capital		(77.100.307)	56.485.232
- Increase in other assets related with operations		7.771.661	(25.099.153)
- Increase in other liabilities related with operations		(84.871.968)	81.584.385
<b>Cash Flows from Operations</b>		<b>194.573.578</b>	<b>(358.136.977)</b>
Payments related with provisions for employee benefits		(73.752.748)	(11.784.122)
Income taxes (paid) refund		(20.038.121)	(47.995.348)

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

**PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.****STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023**

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

	Notes	1 January - 31 December 2023	1 January - 31 December 2022
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		<b>6.543.313</b>	<b>52.075.157</b>
Dividens Received	5	38.747.591	27.566.759
Collections/ (paybacks) from cash advances and loans		98.006.181	107.379.745
- Collections/ (paybacks) from cash advances and loans made to related parties		98.006.181	107.379.745
Cash advances and Loans		873.039	(2.578.977)
- Cash advances and loans made to other parties		873.039	(2.578.977)
Cash outflows due to purchase of fixed assets		(128.723.559)	(75.664.679)
- Cash outflows due to purchase of tangible assets	11	(108.649.236)	(70.695.500)
- Cash outflows due to purchase of intangible assets	12	(20.074.322)	(4.969.179)
Yatırım amaçlı gayrimenkul alımından kaynaklanan nakit çıkışları		(46.444)	(652.801)
Cash inflows from sales of fixed assets		934.960	236.172
- Cash inflows from sales of tangible assets		934.960	236.172
Cash outflows due to share sale or capital reduction of affiliates and/or joint ventures		(3.172.187)	(4.090.639)
Other cash outflows		(76.269)	(120.423)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(145.786.645)</b>	<b>339.553.552</b>
Cash inflows from financial borrowings		1.081.161.843	1.072.210.874
- Cash inflows from loans	15	1.090.990.024	1.062.525.819
- Cash inflows from other financial liabilities		(9.828.181)	9.685.055
Cash outflows from payments		(980.561.961)	(674.221.769)
- Cash outflows for loan repayments	15	(980.561.961)	(674.221.769)
Payments of lease liabilities		(8.840.986)	(1.415.658)
Interest received		50.639.252	6.334.669
Interest paid		(135.672.320)	(1.913.444)
Dividends paid		(152.512.473)	(61.441.120)
<b>Net Increase in Cash and Cash Equivalents Before Effect of Foreign Currency Translation Differences</b>		<b>(38.460.623)</b>	<b>(26.287.738)</b>
<b>EFFECT OF CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS</b>		<b>294.523</b>	<b>2.056.804</b>
<b>Net Increase in Cash and Cash Equivalents</b>		<b>(38.166.100)</b>	<b>(24.230.934)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<b>92.623.511</b>	<b>116.854.445</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>54.457.411</b>	<b>92.623.511</b>

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

# PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

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

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

### NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Pınar Entegre Et ve Un Sanayii A.Ş. (the 'Company') was established in 1985 and is engaged in production of meat and by-products of cattle, sheep, poultry and fish, frozen dough and packaged food. The Company sells its products under 'Pınar' brand, which is one of the leading brands in food and beverages business in Turkey.

The Company is a member of Yaşar Group. Majority of the Company's sales in the domestic market amounting approximately 71% (2022: 74%) are made to its investment-in-associate, Yaşar Birleşik Pazarlama Dağıtım Turizm ve Ticaret A.Ş. ('YBP'), and majority of the exports are made to Yaşar Dış Ticaret A.Ş. ('YDT'), which are both Yaşar Group companies (Note 5).

The Company's shares are traded on Borsa İstanbul ('BIST'). The ultimate parent of the Company is Yaşar Holding A.Ş. ('Yaşar Holding') with as of 31 December 2023 54% shares of the Company (31 December 2022: 54%) (Note 20).

The average number of personnel is 861 as of 31 December 2023 (31 December 2022: 928 personnel). The address of the registered head office of the Company is as follows:

Kemalpaşa OSB Mahallesi, Kuyucak Yolu, 503 Sokak, No:224 Kemalpaşa/ İzmir

### NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

#### 2.1 Basis of Presentation of Financial Statements

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

The accompanying financial statements have been prepared in accordance with the Turkish Financial Reporting Standards ("TFRS") put into effect by the Public Oversight, Accounting and Auditing Standards Authority ("KGK") 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 June 13, 2013 and numbered 28676 of the CMB. TFRSs include the Standards and Comments published by KGK under the names of Turkish Accounting Standards ("TMS"), Turkish Financial Reporting Standards, TMS Comments and TFRS Comments.

The financial statements are presented in accordance with the 'Announcement on TAS Taxonomy' issued by the POAASA on 15 April 2019 and the formats specified in the Financial Statement Examples and Usage Guidelines issued by CMB.

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

##### *(ii) Principles of measurement*

These financial statements have been prepared in accordance with the "IAS 29 Financial Reporting in Hyperinflationary Economies" standard, in accordance with the historical cost principle adjusted for the effects of inflation on the Turkish Lira at the reporting date, except for monetary assets and liabilities and property, plant and equipment measured at fair value, such as land and plots, buildings, underground and surface improvements, machinery, facilities and equipment, and investment properties and financial investments.

##### *(iii) Functional and reporting currency*

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



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

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

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

**2.1 Basis of Presentation of Financial Statements (Continued)**

***(iv) Reporting in a hyperinflationary economy***

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 ("TSİ"). For the last three years, such indices and conversion factors used to restate the accompanying consolidated financial statements are as follows:

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

In accordance with the "Implementation Guide on Financial Reporting in Hyperinflationary Economies" of the KGK, the financial statements dated 1 January 2022, which are the opening amounts of the comparative financial statement for the financial statements of the enterprises ending on 31 December 2023, are accepted as the opening financial position statement. As of 1 January 2022, the amount of prior year losses without inflation adjustment is TL 366.200.735 and the amount of prior year losses dated 1 January 2022, brought to the purchasing power of 31 December 2023 after inflation adjustment within the scope of TAS 29, is TL 1.246.687.174.

TFRS require the financial statements of an entity with a functional currency that is hyperinflationary to be restated in accordance with IAS 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 IAS 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 that are not carried at amounts current at the balance sheet date, and components of shareholders' equity are restated by applying the relevant conversion factors from the date of the transaction or, if applicable, from the date of their most recent revaluation to the reporting date.
- Property, plant and equipment are restated by applying the change in the index from the date of the transaction or, if applicable, from the date of their most recent revaluation to the reporting date. Depreciation is based on the restated amounts;
- All items in the income statement except for the depreciation charges explained above and deferred tax charges, are restated by applying the monthly conversion factors of the transactions to the reporting date

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

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

---

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

**2.1 Basis of Presentation of Financial Statements (Continued)**

- The effects of inflation on the net monetary positions of the Company, is included in the profit or loss statement as “monetary gain / (loss)”.
- All items in the cash flow statement are expressed in terms of the measuring unit current at the reporting date; and all items in the statement of cash flows are, therefore, restated by applying the relevant conversion factors from the date on which the transaction originated.

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 IAS 29 as if the economy had always been hyperinflationary. Therefore, in relation to non-monetary items measured at historical cost, the entity's opening statement of financial position at the beginning of the earliest period presented in the financial statements shall be restated to reflect the effects of inflation from the date the assets were acquired and the liabilities were incurred or assumed until the end of the reporting period. For non-monetary items carried at the opening statement of financial position at amounts current at dates other than those of acquisition or incurrence, that restatement shall reflect instead the effect of inflation from the dates those carrying amounts were determined until the end of the reporting period.

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

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

The Company's financial statements are prepared comparatively with the previous period in order to enable the determination of financial status and performance trends. In order to ensure compliance with the presentation of current period financial statements, comparative information is reclassified when necessary and significant differences are explained. In the current period, has not made any reclassifications in the financial statements from the previous period.

**2.2 Changes in Significant Accounting Policies**

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

**2.3 Changes and errors in accounting estimates**

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

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

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

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

---

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

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

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

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

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

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

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

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

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

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

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

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

The amendments confirm the following:

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

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

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

---

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

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

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

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

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

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

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

On 25 May 2023, IASB has amended IAS 7 Statement of Cash Flows and TFRS 7 Financial Instruments: Disclosures. Related amendment was published by POA on 19 September 2023. The amendments introduce additional disclosure requirements for companies that enter into supplier finance arrangements (referred to as supply chain finance, payables finance or reverse factoring arrangements). However, they do not address the classification and presentation of the related liabilities and cash flows. The IASB's amendments apply to supplier finance arrangements<sup>1</sup> that have all of the following characteristics.

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

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

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

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

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

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

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

---

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

---

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

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

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

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

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

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

**Amendments are effective on 1 January 2023**

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

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

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

**2.5 Basis of Consolidation**

The Company does not have any subsidiary to be consolidated in the financial statements. The investments-in-associates are accounted for using the equity method and are initially recognized at cost. These are undertakings over which the Company has between 20% and 50% of the voting rights, or over which the Company has significant influence, but which not control. Unrealized gains on transactions between the Company has significant influence, but which not control. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates; unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Under the equity method, the share of the post-acquisition, after-tax total comprehensive income/(expense) of associates is reflected in the Company's total comprehensive income/(expense) in proportion to its ownership in the associate. Dividends received or to be received from associates are accounted for as a reduction in the carrying amount of the investment.

# PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

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

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

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

#### 2.5 Basis of Consolidation

The accounting policies of the investing entity accounted for using the equity method of accounting have been amended accordingly to ensure consistency with the accounting policies applied by the Company.

The equity method is not continued on the basis of the fact that the registered value of the investment in the associate is zero or the significant effect of the Company is terminated as long as the Company does not make any commitment or obligation in relation to the subsidiary. The recorded value of the investment in the date on which the significant effect is ended is shown as cost after that date. The amount previously recognized in comprehensive income/ (expense) is related to net period profit/ (loss) if appropriate in accordance with the provisions of the related TAS/TFRS, in proportion to the decrease in the proportion of the equity participations that do not result in loss of significant activity. The book value of the investment accounted for by the equity method is tested for impairment according to the policy described in Note 2.6.9.

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

<u>Investments-in-associates</u>	<u>Share/Voting Right (%)</u>	
	2023	2022
YBP	42,78	42,78
Çamlı Yem Besicilik Sanayi ve Ticaret A.Ş. ("Çamlı Yem")	23,38	23,38
Pınar Foods GmbH ("Pınar Foods")	44,94	44,94
Desa Enerji Elektrik Üretim A.Ş. ("Desa Enerji")	21,55	21,55

#### Foreign currency translation

##### *Transactions and balances*

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

##### *Translation of financial statements of foreign associate*

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

The differences arising from the retranslation of the net assets of a subsidiary operating in a foreign country, as well as those from average exchange rates and the rates at the balance sheet date, are tracked under "Share of Other Comprehensive Income of Associates Accounted for Using Equity Method that will be Reclassified to Profit or Loss" within equity.

## PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

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

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

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

##### 2.5 Basis of Consolidation(Continued)

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

<b><u>End of period asset purchase:</u></b>	<b>31 December 2023</b>	<b>31 December 2022</b>
USD /TL	29,4382	18,6983
EURO /TL	32,5739	19,9349
<b><u>End of period liability sales:</u></b>		
USD /TL	29,4913	18,7320
Avro /TL	32,6326	19,9708
<b><u>Annual average:</u></b>	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
USD /TL	23,8004	16,5722
Avro /TL	25,7380	17,3919

##### *Functional and reporting currency*

The financial statements of the Company and each subsidiary are measured in terms of the currency in which the entity is located and the main currency in which the operations are carried out ('functional currency'). The financial statements have been prepared in Turkish Lira ('TL'), which is the functional currency of the Company. The Company's subsidiary, Pınar Foods, operates in Germany and the applicable reporting currency is the Euro.

##### 2.6 Offsetting

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



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

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

---

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

**2.7 Summary of Significant Accounting Policies**

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

**2.7.1 TFRS 16 - 'Leases'**

***The Company as the lessee***

At inception of a contract, the Company assess whether the 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. The Group considers the following matters when assessing whether the agreement transfers the right to control the use of an identified asset for a limited period of time:

- a) The contract contains an identified asset: - this may be specified explicitly or implicitly,
- b) The asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified,
- c) The Company has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use and,
- d) The Company has the right to direct use of the asset. The Company concludes to have the right of use, when it is predetermined how and for what purpose the Company will use the asset. The Group has the right to direct use of asset if either:
  - i. The Company has the right to operate the asset (or to direct others to operate the asset in a manner that it determines) throughout the period of use, without the supplier having the right to change those operating instructions or
  - ii. The customer designed the asset (or specific aspects of the asset) in a way that predetermines how and for what purpose the asset will be used throughout the period of use.

At the commencement date, the Company recognize a right-of-use asset and a lease liability in financial statements.

***Right of use asset***

The cost of the right-of-use asset shall comprise:

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

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

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

---

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

**2.7 Summary of Significant Accounting Policies (Continued)**

**2.7.1 TFRS 16 - 'Leases' (Continued)**

Right of use assets are first recognized using the cost method and includes the following:

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

The Company applies the depreciation requirements in TAS 16, 'Property, Plant and Equipment' in depreciating the right-of-use asset, subject to the requirements. The Company applies TAS 36, 'Impairment of Assets' to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Lease liability

At the commencement date, The Company measure the lease liability at the present value of the lease payments that are not paid at that date. Lease payments are deducted using the implicit interest rate on the lease if this rate can be easily determined. If it cannot, the incremental borrowing rate of the interest on the lease is used. Lease payments included in the calculation of the company's lease obligation and not realized on the date the lease actually starts consisting of following:

- a) Fixed payments, less any lease incentives receivable,
- b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- c) Payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

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

- a) Increasing the carrying amount to reflect interest on the lease liability,
- b) Reducing the carrying amount to reflect the lease payments made and
- c) Remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

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

Extension and early termination options

A lease obligation is determined considering extension and early termination options in agreements. The majority of the extension and early termination options in agreements are options that may be jointly applied by the company and the lessee. However, if the extension and early termination options are determined by the company under the agreement, and the use of the options is reasonably certain, the lease period is determined with this in mind. Should the terms be adjusted significantly, the assessment is revised by the company.

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

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

---

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

**2.7 Summary of Significant Accounting Policies (Continued)**

**2.7.1 TFRS 16 - 'Leases' (Continued)**

*Facilitating applications*

Lease agreements with a lease period of 12 months or less, and agreements related to information technology equipment identified as impaired by the company, are considered within the scope of the exemption in the TFRS 16 lease standard, and payments related to these agreements continue to be recognized as expenses in the period in which they occur. A single discount rate is applied to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment). The Company does not have variable lease payments.

***Company - as lessor***

The activities of the Company as a lessor do not involve material amounts.

**2.7.2 Revenue recognition**

The Company transfers the committed goods or services to its customers and records the revenue in its financial statements as it fulfils or fulfils the performance obligation. When an asset is checked (or passed) by the customer, the asset is transferred.

The Company records the proceeds in accordance with the following basic principles:

- a) Identification of customer contracts,
- b) Identification of performance obligations,
- c) Determination of the transaction price in the contract,
- d) Dividing the transaction price into the contractual performance obligations,
- e) Revenue recognition when each performance obligation is 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 fulfils the performance obligations related to the sales in time, it measures the progress of the fulfilment of the performance obligations in full and takes the proceeds to the financial statements. Revenue is recognized when customers are in control of goods or services related to performance obligations, such as goods or services transfer commitments.

In the event that all of the following conditions are met, the Company recognizes a contract with its customer as revenue:

- 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) Company can identify each party's rights regarding the goods or services to be transferred,
- c) Company can identify the payment terms for the goods or services to be transferred,
- d) The contract has commercial substance,

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

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

---

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

**2.7 Summary of Significant Accounting Policies (Continued)**

**2.7.2 Revenue recognition (Continued)**

It is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity 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 proceeds by selling frozen dough and ready-to-eat products with the production of meat and by-products of cattle and sheep and poultry and fish. 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,

- present right to payment for the good or service,
- the customer has legal title to the asset,
- transfer physical possession of the asset,
- the customer has the significant risks and rewards of ownership of the good,
- the customer has accepted the asset.

For each performance obligation, the Company determines whether it has fulfilled its performance obligation at the beginning of the contract or whether the performance obligation fulfilled at a certain point in time. The Company records revenue from product sales in the financial statements following the transfer of control to the customer. In the event that the Company has the right to collect a price directly corresponding to the value of its customer (from the delivery of products), the Company pays the revenue to the financial statements for the amount that it has the right to invoice.

If the Company expects to refund a part or all of the amount collected from a customer, it recognizes a refund liability in the financial statements. This refund liability is calculated based on the portion of the amount collected (or to be collected) that is not expected to be earned by the Company. The Company estimates the expected cash outflows for returns by considering expiration dates and product groups. The refund liability is updated at the end of each reporting period to reflect any changes in conditions.

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

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

---

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

**2.7 Summary of Significant Accounting Policies (Continued)**

**2.7.3 Financial assets**

***Classification and measurement***

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

***(a) Financial assets recognized at amortized cost***

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

***Impairment***

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

The Company management has evaluated the effect of the said calculation as of 31 December 2023 and the expected credit losses calculation has no significant effect on the financial statements..

***(b) Financial assets whose fair value is reflected in 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 invariable choice 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-based financial assets.

Financial assets carried 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 prior year profits.

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

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

---

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

**2.7 Summary of Significant Accounting Policies (Continued)**

**2.7.3 Financial assets (Continued)**

Where there is no fair value of assets recorded in other comprehensive income, generally accepted valuation methods used in the calculation of fair value include certain assumptions based on the best estimates of management and the values that may occur in the case of purchase/ sale transactions may differ from these values (Note 32).

**2.7.4 Inventories**

Raw materials of the Company mainly consist of meat and turkey meat as well as spices and animal fats, which are used in production of meat. Work in progress stocks mainly consists of processed turkey, cattle and sheep meat, finished goods consist of delicatessen, frozen and fresh meat product, other stocks mainly consist of spare parts.

Inventories are valued at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. Cost elements included in inventories comprise all costs of purchase of material and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories is determined on the monthly weighted average basis (Note 8).

**2.7.5 Biological assets**

Biological assets are livestock stocks made up of fattening dentists for the purpose of slaughtering (Note 9). Biological assets are reflected in the financial statements taking into consideration the principles of TAS 41 'Agricultural Activities' standard. TAS 41 presents a hierarchical method of prioritizing measurement methods for the measurement of living entities.

The basic principle used in the measurement of biological assets is the reflection of such assets to the financial statements over the fair values determined using unit price included in live animal purchase offers.

Changes in the fair value of biological assets are reflected in the income statement as 'changes in fair value of biological assets'.

**2.7.6 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 if exists provisions. Land, land improvements, buildings and machinery and equipment as of 31 December 2021 are stated at fair value less accumulated depreciation, based on valuations made by external independent expert (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.

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

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

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

**2.7 Summary of Significant Accounting Policies (Continued)**

**2.7.6 Property, plant and equipment (Continued)**

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

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

Decreases that offset previous increases of the revalued asset are charged against that reserve; all other decreases are charged to the statement of comprehensive income. 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 retained earnings, and the amount transferred is net of applicable deferred income tax.

Buildings, land improvements, machinery and equipment are capitalized 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 other non-current assets until the related asset is capitalized. At each balance sheet date, residual values and estimated useful lives of property, plant and equipment are reviewed and adjusted if appropriate, prospectively. 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. Approximate useful lives of property, plant and equipment are as follows:

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

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

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

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

---

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

**2.7 Summary of Significant Accounting Policies (Continued)**

**2.7.6 Property, plant and equipment (Continued)**

If the property, plant and equipment that are impaired, are revalued, the impairment is charged to the revaluation reserves to the extent that the amount offsetting previous increases of the same asset charged in the revaluation reserves and all other decreases are recognized in the statement of comprehensive income. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of fair value less cost to sell or value in use.

Maintenance and repair expenses are recognized as an expense in the statement of comprehensive income. The Company removes the carried values from the balance sheet, regardless of whether or not the replacement parts are depreciated independently of other segments. Major renewals are depreciated based on the remaining life of the related tangible asset or the shorter economic life of the renewal itself. Gains or losses on disposals of property, plant and equipment are determined by the value of tangible assets and recorded in the related income and expense accounts (Note 24). In the disposal of revalued tangible fixed asset, the amount in revaluation fund related to disposed tangible asset is transferred to retained earnings account by deducting deferred tax effect.

**2.7.7 Intangible assets**

Intangible assets have finite useful lives and mainly comprise acquired rights and information processing software. Intangible assets acquired before carried at cost in the equivalent purchasing power of TRY and items acquired after carried at cost, less accumulated amortization and impairment losses, if any. They are recorded at acquisition cost and amortized on a straight-line basis over their estimated useful lives for a period of five 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 flows (cash-generating units). An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of fair value less cost to sell or value in use.

**2.7.8 Investment property**

Instead of being used in the production of goods and services or for administrative purposes or sold during the normal course of business, land and buildings held for the purpose of obtaining a lease or for appreciation or both are classified as investment properties. Investment property is reflected to the financial statements at fair value as of 31 December 2023 by independent professional appraisal company TSKB Gayrimenkul Değerleme A.Ş. Changes in the fair value of investment properties are accounted for under profit / loss and comprehensive income from investment activities under income/expenses (Note 24).



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

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

---

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

**2.7 Summary of Significant Accounting Policies (Continued)**

**2.7.9 Impairment of assets**

*Impairment of financial assets:*

- Assets carried at amortized cost

The Company evaluates at the end of each reporting period whether there is an objective indication that financial assets are impaired. If a financial asset or group of financial assets is impaired, the impairment loss is objectively recognized as a result of one or more events that arise only after the asset is initially recognized and have an impact on the estimated future cash flows of the financial assets. If there is any evidence, it is reflected in the financial statements.

The Company considers the following criteria for impairment testing of all financial assets:

- The issuer of the financial asset or the undertaker of the financial asset is in significant financial difficulty,
- Breach of contract, for example failure or omission of interest or principal payments,
- The Company grants the debtor a privilege that it would not otherwise grant due to economic or legal reasons related to the financial difficulty of the debtor,
- The probability that the debtor will enter bankruptcy or another type of financial restructuring,
- For each financial asset in the portfolio observable data indicating that there has been a measurable decrease in the estimated future cash flows of a Company financial asset following the initial recognition of such assets. This type of data usually occurs in the following situations:
  - (i) adverse changes in the payment status of debtors in the portfolio; and
  - (ii) national or regional economic conditions that may result in non-repayment of assets in the portfolio.

The Company first assesses whether there is an independent indication of impairment. For loans and receivables, the amount of loss is measured as the difference between the carrying amount of the assets and the present value of the estimated future cash flows of the financial assets discounted using the original effective interest rate (excluding future unrealized expenses). The book value of the assets is reduced, and the resulting loss is recorded in the income statement. If, in the following period, the amount of the impairment loss decreases and this decrease can be attributed to an event that occurred after the impairment was realized (such as an improvement in the borrower's credit rating), the reversal of the previously recorded impairment loss is recorded in the income statement.

*Impairment of non-financial assets:*

For each asset other than deferred tax assets, the Company evaluates at each balance sheet date whether there is any indication of impairment of the asset in question. If such an indicator exists, the recoverable amount of that asset is estimated. For intangible assets that are not ready for use, the recoverable amount is estimated at each balance sheet date. The recoverable value of the asset is the higher of the net fair value after deducting the expenses to be incurred to sell the related asset and its value in use.

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

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

---

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

**2.7 Summary of Significant Accounting Policies (Continued)**

**2.7.9 Impairment of assets (Continued)**

To determine impairment, assets are grouped at the lowest level, which are cash-generating units. An impairment has occurred if the carrying value of the asset, or any cash-generating unit of that asset, is higher than the net fair value after deducting the expenses necessary to use or sell it. Impairment losses are charged to the statement of comprehensive income unless the related asset is revalued. An impairment loss on an asset is reversed up to a level that does not exceed the amount previously recorded if the subsequent increase in the recoverable amount of that asset can be attributed to an event occurring in the periods following the recognition of the impairment.

**2.7.10 Borrowing and borrowing costs**

Borrowings are recognized initially at the proceeds received; net of any transaction costs incurred. In subsequent periods, borrowings are restated at amortized cost using the effective yield method. Any difference between proceeds (net of transaction costs) and the redemption value is recognized in the statement of comprehensive income over the period of the borrowings. Borrowing costs are expensed as incurred (Note 26). If the borrowings mature within 12 months, then they are classified in current liabilities, otherwise they are classified in non-current liabilities (Note 15). Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

A qualifying asset is an asset that takes a substantial period of time to get ready for its intended use or sale. General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

**2.7.11 Going concern**

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

**2.7.12 Earnings per share**

Earnings per share disclosed in the statement of comprehensive income are determined by dividing net income for the year by the weighted average number of shares that have been outstanding during the year concerned (Note 29).

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 earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued 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.

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

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

---

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

**2.7 Summary of Significant Accounting Policies (Continued)**

**2.7.13 Subsequent events**

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

**2.7.14 Provisions, contingent liabilities and contingent assets**

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company are treated as contingent assets or liabilities. The Company does not recognize contingent assets and liabilities (Note 16). The Company does not recognize contingent assets and liabilities. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed, where an inflow of economic benefits is probable.

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

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

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

**ii. *Provision for profit sharing and bonus plans***

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

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

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

---

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

**2.7 Summary of Significant Accounting Policies (Continued)**

**2.7.15 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 of the Company or Yaşar Holding as main shareholder and board members, and their close family members, in each case together with and companies controlled, jointly controlled or significantly influenced by them are considered and referred to as related parties (Note 5).

- 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
  - ii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b) If any of the following conditions exists, the entity is considered to be associated with the Company:
- 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.

**2.7.16 Segment reporting**

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

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

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

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

---

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

**2.7 Summary of Significant Accounting Policies (Continued)**

**2.7.17 Taxation on income**

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

Current tax

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

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

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

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

Deferred tax

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

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

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

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

Current and deferred tax for the period

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

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

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

---

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

**2.7 Summary of Significant Accounting Policies (Continued)**

**2.7.18 Statement of cash flows**

In the statement of cash flows, cash flows are classified into three categories 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 equipment and financial investments. Cash flows from financing activities indicate the resources used in financing activities and the repayment of these resources. For the purposes of the statement of cash flows, cash and cash equivalents comprise of cash in hand accounts, bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities equal or less than three months.

**2.7.19 Share capital and dividends**

Ordinary shares are classified as equity. Dividends payable on shares are recognized 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. In the event that the existing ordinary shares or the number of potential ordinary shares are increased as a result of capitalization, bonus issuance or share division, or if the share of shares decreases as a result of a change in shareholders' equity, the calculation of earnings per share for each period presented is corrected retrospectively.

**2.7.20 Government grants and incentives**

Government incentives are systematically reflected in profit or loss under "other income" during the periods when the costs intended to be covered by these incentives are recognized as expenses. Government incentives granted to cover previously realized expenses or losses or to provide urgent financial support to the business without requiring any future cost are recognized in profit or loss in the period when they become collectible.

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

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

---

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

**2.7 Summary of Significant Accounting Policies (Continued)**

**2.7.21 Research and development expenses**

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

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

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

**2.7.22 Significant accounting assessments, estimates and assumptions**

The preparation of the financial statements requires the measurement of assets and liabilities reported as of the balance sheet date, disclosure of contingent assets and liabilities and using of estimates and assumptions that may affect 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 current events and transactions, actual results may differ from the assumptions. The Company's significant accounting assumptions and estimates include:

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

Revaluations are performed with the sufficient regularity to ensure that the carrying amounts of the revalued property, plant and equipment do not differ materially from that which would be determined using fair value at the end of the reporting periods. The frequency of the revaluation depends upon the changes in the fair values of the items of property, plant and equipment. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required, and revaluation is performed for entire class of revalued item simultaneously. Besides, for items of property, plant and equipment with only insignificant changes in fair value frequent revaluations and fair value measurements are considered unnecessary.

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

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

---

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

**2.7 Summary of Significant Accounting Policies (Continued)**

**2.7.22 Significant accounting assessments, estimates and assumptions (Continued)**

In this context, based on the evaluations made by the Company's management, investment properties are reflected in the financial statements at their fair values as determined by an independent professional valuation company as of 31 December, 2023. Similarly, land and plots, buildings, and underground and above-ground structures are reflected at their fair values as of 31 December, 2022, based on valuations performed by an independent professional valuation company. Additionally, for machinery, plant, and equipment, it is assumed that the fair values determined as of 31 December, 2021, will approximate their fair values as of 31 December, 2023, after accounting for current period depreciations.

Details of the methods and assumptions used within the scope of the valuation studies performed are as follows.

- In the fair value calculations, the most effective and efficient use has been evaluated and the current usage purposes have been determined as the most effective and efficient use, and the market reference method has been used for investment properties and lands. In the cost approach method, the value of the real estate is determined by adding the cost of the investment on the land to the land value after depreciation (if any interest or gain is added, deduction of the depreciation). In the calculation of the land value, which is one of the components considered in the cost approach method, the above-described market reference method was used.
- In the market reference method, current market information was used, considering the similar real estates that were put on the market recently, price adjustments were made within the framework of criteria that could affect the market value, and the average m<sup>2</sup> sales value was determined for the lands subject to the report. The found precedents were compared in terms of criteria such as location, size, zoning status, physical characteristics, real estate marketing firms were interviewed for the current evaluation of the real estate market, and the available information of an independent professional valuation company was also used.

The fair values may differ from the amounts that would result from the outcome of a sales transaction between independent parties.

Buildings and above-ground structures have been evaluated using the cost approach. This approach considers the technical specifications of the buildings, the materials used, construction costs of similar buildings in the market, and costs estimated based on past experience. The depreciation of the buildings has been estimated based on the valuation expert's experience, taking into account the visible physical condition of the buildings.

**c) *Provision for employment termination benefits***

The company uses actuarial assumptions such as employee turnover rate, discount rates and salary increase in the calculation of the provision for employee termination benefits. Calculation details are given in employee benefits (Note 17).



# PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

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

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

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

#### 2.7 Summary of Significant Accounting Policies (Continued)

##### 2.7.22 Significant accounting assessments, estimates and assumptions (Continued)

###### d) Fair value measurement of financial assets

In cases where the assets whose fair value difference is recorded in other comprehensive income do not have any fair value registered in the stock market, it can be defined that significant amounts of assets and liabilities are carried at fair value, which is one of the other alternative valuation techniques, especially the discounted cash flow method, which is one of the generally accepted valuation techniques used in calculating the fair value. The net asset valuation approach includes some assumptions based on the Company's best estimates, and the values that may occur in case of realization of purchase/ sale transactions may differ from these values (Note 32).

### NOTE 3 - INTEREST IN OTHER ENTITIES

#### Investments-in-associates:

	31 December 2023		31 December 2022	
	TL	(%)	TL	(%)
YBP	500.952.161	42,78	678.045.005	42,78
Çamlı Yem	534.509.648	23,38	417.364.436	23,38
Desa Enerji (*)	72.557.474	21,55	71.983.624	21,55
Pınar Foods	105.359.606	44,94	100.399.619	44,94
	<b>1.213.378.889</b>		<b>1.267.792.684</b>	

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

Associates	Nature of business	Business location
- YBP	Marketing and distribution	Turkey
- Çamlı Yem	Livestock and feed production	Turkey
- Desa Enerji	Energy production	Turkey
- Pınar Foods	Marketing and distribution	Germany

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

**PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.**

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

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

**NOTE 3 - INTEREST IN OTHER ENTITIES (Continued)**

<i>Statement of Summary Financial Position</i>	<b>YBP</b>		<b>Çamlı Yem</b>		<b>Desa Enerji</b>		<b>Pınar Foods</b>	
	<b>31.12.2023</b>	<b>31.12.2022</b>	<b>31.12.2023</b>	<b>31.12.2022</b>	<b>31.12.2023</b>	<b>31.12.2022</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
<b>Current Assets</b>								
<i>Cash and Cash equivalents</i>	49.289.326	104.072.156	44.269.105	72.785.362	36.568.756	35.949.055	116.798.965	86.992.616
<i>Other Current Assets</i>	1.825.191.259	2.114.027.531	1.631.380.306	1.370.055.525	101.325.526	228.473.514	141.578.583	140.512.399
<b>Total Current Assets</b>	<b>1.874.480.585</b>	<b>2.218.099.687</b>	<b>1.675.649.411</b>	<b>1.442.840.887</b>	<b>137.894.282</b>	<b>264.422.569</b>	<b>258.377.549</b>	<b>227.505.015</b>
<b>Non-Current Assets</b>	<b>2.519.530.246</b>	<b>2.874.301.395</b>	<b>2.968.846.121</b>	<b>2.628.537.474</b>	<b>304.730.389</b>	<b>264.798.051</b>	<b>6.422.696</b>	<b>13.052.167</b>
<b>Short-Term Liabilities</b>								
<i>Financial Liabilities (Excluding Trade Payables)</i>	100.666.377	25.323.147	907.027.372	1.008.193.499	11.592.665	513.109	5.949.417	7.171.791
<i>Other Short Term Liabilities</i>	2.059.369.561	2.261.783.962	1.105.129.970	919.765.043	93.322.130	168.629.737	24.405.777	3.963.443
<b>Total Short-Term Liabilities</b>	<b>2.160.035.938</b>	<b>2.287.107.109</b>	<b>2.012.157.342</b>	<b>1.927.958.542</b>	<b>104.914.795</b>	<b>169.142.846</b>	<b>30.355.194</b>	<b>11.135.234</b>
<b>Long-Term Liabilities</b>								
<i>Financial Liabilities (Excluding Trade Payables)</i>	8.578.123	5.580.855	31.316.624	24.534.419	-	1.826.027	-	6.013.807
<i>Other Long-Term liabilities</i>	125.929.757	286.284.338	318.682.585	337.595.234	1.016.263	24.221.008	-	-
<b>Total Long-Term Liabilities</b>	<b>134.507.880</b>	<b>291.865.194</b>	<b>349.999.209</b>	<b>362.129.653</b>	<b>1.016.263</b>	<b>26.047.034</b>	<b>-</b>	<b>6.013.807</b>
<b>Net Assets</b>	<b>2.099.467.013</b>	<b>2.513.428.779</b>	<b>2.282.338.981</b>	<b>1.781.290.165</b>	<b>336.693.613</b>	<b>334.030.739</b>	<b>234.445.051</b>	<b>223.408.141</b>

**PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.**

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

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

**NOTE 3 - INTEREST IN OTHER ENTITIES (Continued)**

Reconciliation of Net Book Values	YBP		Çamlı Yem		Desa Enerji		Pınar Foods	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
<i>1 January Opening Value of Net Assets</i>	<b>2.513.428.779</b>	<b>1.808.933.723</b>	<b>1.781.290.165</b>	<b>1.299.641.783</b>	<b>334.030.739</b>	<b>294.350.245</b>	<b>223.408.141</b>	<b>157.310.426</b>
<i>Profit (Loss) for the year</i>	374.178.304	360.299.992	325.209.587	50.530.938	50.711.536	43.236.236	10.019.140	13.425.093
<i>Other Comprehensive Income (Expense)</i>	(660.250.784)	419.994.373	162.271.273	420.499.001	2.153.992	10.488.283	-	-
<i>Dividends paid</i>	(127.889.287)	(75.799.309)	-	-	(50.157.385)	(13.999.113)	-	-
<i>Capital decrease</i>	-	-	13.567.956	10.618.443	-	-	-	-
<i>Foreign currency translation differences</i>	-	-	-	-	-	-	1.017.770	52.675.622
<b>Closing Value of Net Assets</b>	<b>2.099.467.012</b>	<b>2.513.428.779</b>	<b>2.282.338.981</b>	<b>1.781.290.165</b>	<b>336.738.882</b>	<b>334.075.650</b>	<b>234.445.051</b>	<b>223.408.141</b>
Company's share in %	42,78%	42,78%	23,38%	23,38%	21,55%	21,55%	44,94%	44,94%
Company's share in TL	500.952.161	678.045.005	534.509.648	417.364.436	72.557.474	71.983.624	105.359.606	100.399.618
<b>Book Value</b>	<b>500.952.161</b>	<b>678.045.005</b>	<b>534.509.648</b>	<b>417.364.436</b>	<b>72.557.474</b>	<b>71.983.624</b>	<b>105.359.606</b>	<b>100.399.618</b>

**PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.**

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

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

**NOTE 3 - INTEREST IN OTHER ENTITIES (Continued)**

<i>Summary Comprehensive Income Statement</i>	<b>YBP</b>		<b>Çamlı Yem</b>		<b>Desa Enerji</b>		<b>Pınar Foods</b>	
	<b>31.12.2023</b>	<b>31.12.2022</b>	<b>31.12.2023</b>	<b>31.12.2022</b>	<b>31.12.2023</b>	<b>31.12.2022</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
<i>Revenue</i>	14.700.883.786	14.021.563.415	2.966.044.331	3.621.956.098	766.597.384	1.233.470.855	401.867.747	302.011.588
<i>Interest Income</i>	134.876	18.954.620	6.414.394	1.126.775	13.903.400	14.496.953	-	-
<i>Depreciation and amortization</i>	(103.230.970)	(63.736.151)	(50.587.788)	(98.584.304)	(32.962.697)	(49.963.107)	(67.616)	(66.613)
<i>Interest Expense</i>	(11.726.319)	(24.254.688)	(204.154.511)	(188.701.350)	(846.491)	(403.808)	-	-
<i>Income Tax Expense</i>	-	(59.297.145)	-	-	-	(23.037.951)	(4.934.800)	(4.013.013)
<b>Profit Before the Year From Continuing Operations</b>	<b>374.178.304</b>	<b>360.299.992</b>	<b>325.209.587</b>	<b>50.530.938</b>	<b>50.711.536</b>	<b>43.236.236</b>	<b>10.019.140</b>	<b>13.425.093</b>
Profit(Loss) for the Year	374.178.304	360.299.992	325.209.587	50.530.938	50.711.536	43.236.236	10.019.140	13.425.093
Other Comprehensive Income(Expense)	(660.250.784)	419.994.373	162.271.273	420.499.001	2.153.992	10.488.283	-	-
<b>Total Comprehensive Income</b>	<b>(286.072.480)</b>	<b>780.294.365</b>	<b>487.480.860</b>	<b>471.029.939</b>	<b>52.865.528</b>	<b>53.724.519</b>	<b>10.019.140</b>	<b>13.425.093</b>

## PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

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

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

#### NOTE 3 - INTEREST IN OTHER ENTITIES (Continued)

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

	2023	2022
<b>1 January</b>	<b>1.267.792.684</b>	<b>816.668.532</b>
Share of (losses)/ profit before taxation of investments-in-associates – net	251.538.417	180.564.226
Increase in revaluation reserve of investments-in-associates	76.518.861	140.438.734
Losses on remeasurements of investment defined benefit plans	(16.530.391)	(28.418.433)
Dividend income from investments-in-associates (Note 5.ii.e)	(38.747.591)	(38.912.287)
Currency translation reserve	457.386	23.671.076
Other gains (losses) of associates accounted for using equity method	(330.822.664)	169.690.197
Affiliate capital increase effect	3.172.187	4.090.639
<b>31 December</b>	<b>1.213.378.889</b>	<b>1.267.792.684</b>

#### NOTE 4 - CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
Bnaks	17.324.906	73.376.062
- Demand deposits	7.119.906	31.276.581
- Time deposits	10.205.000	42.099.481
Other	37.132.505	19.247.449
<b>Total</b>	<b>54.457.411</b>	<b>92.623.511</b>

As of 31 December 2023, the company has time deposits less than one month with an 41% effective weighted average annual interest rate in TL (31 December 2022: The Company has time deposits less than one month with an 18.02% effective weighted average annual interest rate in TL).

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 the banks is sufficient. The market values of cash and cash equivalents approximate carrying values, including accrued income at the respective balance sheet date.

## PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

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

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

#### NOTE 5 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Partners, key management personnel and board members, their families and companies controlled by them or affiliated with them, as well as affiliates and jointly controlled partnerships are considered related parties. Various transactions were made with related parties within the normal activities of the business. These transactions were generally carried out during the normal operation of the business in accordance with market conditions. The balances of receivables from and payables to related parties as of 31 December 2023 and 2022 and the summary of significant transactions made with related parties during the period are presented below:

i) **Balances with related parties:**

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

	31 December 2023	31 December 2022
YBP (1)	470.442.570	429.718.961
YDT (2)	86.539.272	87.088.994
Other	732.247	238.308
<b>Total</b>	<b>557.714.089</b>	<b>517.046.263</b>

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

The total overdue trade receivables from related parties includes TL 81.898.774 as of 31 December 2023 (31 December 2022: TL 56.151.716). The aging of the receivables is shown at Note 33.a.

b) **Other short-term receivables from related parties:**

	31 December 2023	31 December 2022
Yaşar Holding (3)	109.320.700	207.291.198
Dyo Boya Fabrikaları Sanayi ve Ticaret A.Ş. ("Dyo Boya") (2)	23.030	58.713
<b>Total</b>	<b>109.343.730</b>	<b>207.349.911</b>

As of 31 December 2023, the Company has non-trade receivables amounting to TL 33.744.528 from Yaşar Holding with an effective interest rate of 46% and for denominated receivables, respectively (31 December 2022: Non-trade receivables amounting to TL 23.987.646 with an effective interest rate of 20.25%).

As of 31 December 2023, the Company has a transfer loan of TL 75.576.172 to Yaşar Holding with an interest rate of 46,61% (31 December 2022: TL 183.303.551 interest rate of 17,37%).

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

## PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

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

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

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

##### c) Short-term trade payables to related parties:

	31 December 2023	31 December 2022
Çamlı Yem (1)	110.276.182	105.658.343
Yaşar Holding	35.470.577	13.660.847
Desa Elektrik (2)	7.161.140	477.346
Hedef Ziraat Tic. ve San. A.Ş. ("Hedef Ziraat") (2)	916.342	43.172
Other	6.952.229	6.216.612
<b>Total</b>	<b>160.776.470</b>	<b>126.056.320</b>

The Company's debts to Çamlı Yem consist mainly of turkey purchases.

Average maturity of short-term trade payables to related parties as of 31 December 2023 is 2 months (31 December 2022: 2 months).

##### d) Other short-term payables to related parties:

As of 31 December 2023, TL 5.077.011 of other short-term payables to related parties consists of the allocation of the board of directors based on the decision taken at the Ordinary General Assembly Meeting held (31 December 2022: TL 1.807.577)

The Company does not have any guarantees received or given in relation to related party receivables and payables.

##### ii) Transactions with related parties:

###### a) Product sales:

	I January 31 December 2023	I January 31 December 2022
YBP	3.536.834.928	3.001.991.028
YDT	144.119.031	146.670.357
Çamlı Yem	29.818.534	37.939.112
Other	5.259.605	4.271.922
<b>Total</b>	<b>3.716.032.098</b>	<b>3.190.872.419</b>

Majority of the Company's sales in domestic market are made to its associate, YBP, and its exports are made to YDT, which are both Yaşar Group Companies.

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

# PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

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

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

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

#### b) Service sales:

	I January 31 December 2023	I January 31 December 2022
YDT	3.669.490	4.984.349
Çamlı Yem	3.358.561	95.504
Yaşar Bilgi A.Ş. ("Yabim") (2)	2.562.898	2.269.818
Pınar Süt Mamülleri Sanayi A.Ş. ("Pınar Süt") (2)	1.184.319	695.686
YBP	1.075.146	796.100
Other	629.053	699.975
<b>Total</b>	<b>12.479.467</b>	<b>9.541.432</b>

#### c) Income from investment activities:

Yaşar Holding	38.029.680	27.487.597
<b>Total</b>	<b>38.029.680</b>	<b>27.487.597</b>

Income from investment activities consists of the overdue charges and interest income due to the non-commercial receivables of the Company and the interest income of the borrowings transferred under the same conditions.

#### d) Dividends received:

YBP	31.574.383	22.693.446
Desa Enerji	7.145.469	4.848.893
Bintur Turizm ve Catering Hizmetleri A.Ş. ("Bintur") (2)	27.740	24.421
<b>Total</b>	<b>38.747.592</b>	<b>27.566.760</b>

#### e) Other incomes from related parties:

YDT	32.453.579	24.533.544
YBP	5.393.603	2.423.461
Other	3.257.619	1.898.733
<b>Total</b>	<b>41.104.801</b>	<b>28.855.738</b>

Other incomes from related parties includes maturity differences and rental income from YBP, foreign exchange income from YDT and rental income.

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



## PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

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

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

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

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

##### f) Product purchases:

	1 January – 31 December 2023	1 January – 31 December 2022
Çamlı Yem	789.258.128	964.943.481
Pınar Süt	24.295.870	16.125.393
Hedef Ziraat	1.690.305	13.743.046
Other	859.546	1.030.155
<b>Total</b>	<b>816.103.849</b>	<b>995.842.075</b>

The product purchases performed from Çamlı Yem are mainly related to turkey.

##### g) Service purchases:

Yaşar Holding	61.588.308	46.522.903
YBP	21.007.513	21.695.933
Desa Enerji	18.019.427	2.318.131
Yabim	15.442.394	9.502.095
YDT	8.645.544	7.198.836
Çamlı Yem	2.309.715	3.013.110
Bintur	1.759.835	1.197.768
Other	9.681.915	6.091.955
<b>Total</b>	<b>138.454.651</b>	<b>97.540.731</b>

Service purchases from Yaşar Holding are related to sundry and consultancy services. Service purchases from YBP are related to promotion and advertisement. Service purchases from Yabim are related to IT services. Service purchases from YDT, on the other hand, include expenses related to export expenses and commission reflections services.

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

##### h) Dividends to related parties (\*):

	1 January 31 December 2023	1 January 31 December 2022
Yaşar Holding	73.717.449	47.193.979
Pınar Süt	17.118.502	10.959.289
Yaşar Eğitim ve Kültür Vakfı (2)	7.420.574	5.520.194
Other	71.500	45.734
<b>Total</b>	<b>98.328.025</b>	<b>63.719.196</b>

(\*) In the Ordinary General Assembly Meeting for the year 2023, it has been decided to distribute dividend amounting to TL 156.492.473 (31 December 2022: TL 102.190.323). TL 45.164.448 portion of this dividend (31 December 2022: TL 28.914.298) was paid to other shareholders.

## PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

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

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

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

##### i) Key management compensation:

Key management includes members of board of directors, general manager and directors. The compensation paid or payable to key management are shown below:

	1 January - 31 December 2023	1 January - 31 December 2022
Total short-term employee benefits	41.430.119	28.580.125
Other long-term benefits	4.790.925	-
Post employment benefits	19.181	4.012.004
<b>Total</b>	<b>46.240.225</b>	<b>32.592.129</b>

The portion of total short-term benefits amounting to TL 13.000.000 (31 December 2022: TL 5.800.000) consists of Board of Directors appropriation according to the decision taken at the Ordinary General Assembly.

#### NOTE 6 - TRADE RECEIVABLES AND PAYABLES

##### a) Short-term trade receivables:

	31 December 2023	31 December 2022
Customer current accounts	145.667.063	109.205.110
Cheques and notes receivable	11.081.737	10.609.584
<b>Total</b>	<b>156.748.800</b>	<b>119.814.694</b>
Less: Provision for impairment of receivables	(597.400)	(1.688.878)
<b>Total</b>	<b>156.151.400</b>	<b>118.125.816</b>

The average maturity of checks, notes and customer accounts is 2 months (31 December 2022: 2 months).

## PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

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

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

#### NOTE 6 - TRADE RECEIVABLES AND PAYABLES (Continued)

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

	31 December 2023	31 December 2022
Overdue	13.629.105	10.494.399
0 - 30 days	53.080.886	31.867.116
31 - 60 days	83.793.405	74.528.504
61 - 90 days	1.724.925	-
91 days and over	3.923.079	1.235.797
<b>Total</b>	<b>156.151.400</b>	<b>118.125.816</b>

As of 31 December 2023, trade receivables of TL 13.629.105 (31 December 2022: TL 10.494.399), over which no provision for impairment is provided, were past due. The Company Management does not expect any collection risk regarding those receivables based on its past experience (Note 33.a).

As of 31 December 2023 and 2022, the aging of the overdue receivables are as follows:

	31 December 2023	31 December 2022
0 - 30 days	12.979.539	9.427.794
30 days and over	649.566	1.066.605
<b>Total</b>	<b>13.629.105</b>	<b>10.494.399</b>

Movement table of doubtful receivable provision is as follows:

<b>1 January</b>	<b>(1.688.878)</b>	<b>(2.293.498)</b>
Provisions no longer required	539.837	759.129
Provision for reserved amount	-	(44.104)
Net monetary gain/loss	551.641	(110.405)
<b>31 December</b>	<b>(597.400)</b>	<b>(1.688.878)</b>

#### b) Short-term trade payables :

	31 December 2023	31 December 2022
Supplier current accounts	597.537.238	488.059.057
<b>Total</b>	<b>597.537.238</b>	<b>488.059.057</b>

The average maturity of trade payables is 2 months (31 December 2022: 2 months).

## PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

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

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

#### NOTE 7 - OTHER RECEIVABLES AND PAYABLES

**a) Other short-term receivables from third parties:**

	31 December 2023	31 December 2022
Receivables from the Tax Authority	34.103.607	94.166.245
Other	125.226	82.233
<b>Total</b>	<b>34.228.833</b>	<b>94.248.478</b>

**b) Short-term other payables :**

Installed tax liabilities	10.856.177	90.382.363
Taxes and funds payable	10.854.069	9.674.835
<b>Total</b>	<b>21.710.246</b>	<b>100.057.198</b>

#### NOTE 8 – INVENTORIES

	31 December 2023	31 December 2022
Finished goods	166.782.826	113.299.228
Raw materials	114.503.944	102.626.253
Work in progress	112.995.812	176.682.461
Spare parts	33.637.681	26.707.025
Raw materials in transit	6.254.384	17.673.782
Other	12.165.754	13.255.837
<b>Total</b>	<b>446.340.401</b>	<b>450.244.586</b>

The costs of inventories recognized as expense and included in cost of sales amounted to TL 3.398.833.694 (31 December 2022: TL 2.635.575.245) (Note 18). Inventories are carried at cost, and there are no inventories valued at fair value less costs to sell.

#### NOTE 9 - BIOLOGICAL ASSETS

	31 December 2023	31 December 2022
Poultry	168.092.556	164.330.539
Cattle	-	63.753.088
<b>Total</b>	<b>168.092.556</b>	<b>228.083.627</b>

The company has fattening turkeys within the scope of biological assets. As of 31 December 2023, the number of fattening turkeys is 540.207 (31 December 2022: 512.336). (31 December 2022: 1.269 fattening calves).

**PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR THEN ENDED 31 DECEMBER 2023**

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

**NOTE 9 - BIOLOGICAL ASSETS (Continued)**

The cost values of biological assets are as follows:

Poultry	153.687.731	146.452.417
Cattle	-	64.294.608
<b>Total</b>	<b>153.687.731</b>	<b>210.747.025</b>

The movement of biological assets during the year are as follows:

	<b>2023</b>	<b>2022</b>
<b>Beginning of the period (1 January)</b>	<b>228.083.627</b>	<b>81.213.864</b>
Increase due to production and purchases	1.188.567.525	1.087.186.418
Sales and mortality during the year	(1.154.796.000)	(875.764.276)
Gain / (losses) arising from changes in fair value less estimated point-of-sale costs-net	(90.408.749)	(59.529.553)
Current year realization of previous year fair value differences through current year sales	(3.353.847)	(5.022.826)
<b>Period end (31 December)</b>	<b>168.092.556</b>	<b>228.083.627</b>

**NOTE 10 - PREPAID EXPENSES AND DEFERRED INCOME****a) Short-term prepaid expenses**

	<b>31 December 2023</b>	<b>31 December 2022</b>
Advances given	7.579.826	15.105.101
Prepaid expenses	5.538.860	3.061.494
<b>Total</b>	<b>13.118.686</b>	<b>18.166.595</b>

**b) Long-term prepaid expenses**

Advances given	4.606.755	5.479.794
<b>Total</b>	<b>4.606.755</b>	<b>5.479.794</b>

**c) Deferred income**

Advances received	1.576.696	1.967.494
<b>Total</b>	<b>1.576.696</b>	<b>1.967.494</b>

## PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

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

(Amount 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 and accumulated depreciation between 1 January -31 December 2023 were as follows:

	1 January 2023	Additions	Disposals	Transfers	31 December 2023
<b><u>Cost/ revaluation:</u></b>					
Land	2.240.842.736	-	-	-	2.240.842.736
Buildings and land improvements	621.621.818	3.097.930	-	13.155.348	637.875.095
Machinery and equipment	813.534.455	21.165.639	(115.831)	27.123.095	861.707.358
Furniture and fixtures	509.066.875	9.977.398	(6.070.276)	399.586	513.373.582
Motor vehicles	34.253.982	3.123.387	(308.889)	-	37.068.480
Construction in progress	7.892.253	71.284.883	-	(40.678.029)	38.499.107
	<b>4.227.212.118</b>	<b>108.649.237</b>	<b>(6.494.996)</b>	<b>-</b>	<b>4.329.366.358</b>
<b><u>Accumulated depreciation (-):</u></b>					
Buildings and land improvements	(45.628.873)	(25.226.879)	-	-	(70.855.751)
Machinery and equipment	(61.332.586)	(62.185.719)	143.490	-	(123.374.816)
Furniture and fixtures	(465.553.781)	(12.562.333)	6.070.276	-	(472.045.837)
Motor vehicles	(29.222.367)	(1.993.828)	56.630	-	(31.159.566)
	<b>(601.737.608)</b>	<b>(101.968.758)</b>	<b>6.270.396</b>	<b>-</b>	<b>(697.435.970)</b>
<b>Net book value</b>	<b>3.625.474.511</b>				<b>3.631.930.388</b>

Investments regarding the completion of the SPP project in 2023 have been completed and consist of production line modernization, SAP S4 Hana project and renovation and modernization investments in production and administrative buildings.

# PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

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

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

### NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

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

	1 January 2022	Additions	Disposals	Transfers	Net Off Accumulated Depreciation Before Revaluation	Increase in Revaluation	31 December 2022
<b><u>Cost/ revaluation:</u></b>							
Land	902.476.602	-	-	-	-	1.338.366.133	2.240.842.736
Buildings and land improvements	424.834.713	3.627.965	-	30.374.120	(13.854.827)	176.639.846	621.621.818
Machinery and equipment	794.265.528	18.331.770	(1.036.784)	1.973.942	-	-	813.534.455
Furniture and fixtures	505.432.985	7.965.614	(4.331.724)	-	-	-	509.066.875
Motor vehicles	33.859.644	529.836	(135.497)	-	-	-	34.253.982
Construction in progress	-	40.240.314	-	(32.348.062)	-	-	7.892.253
	<b>2.660.869.472</b>	<b>70.695.500</b>	<b>(5.504.006)</b>	<b>-</b>	<b>(13.854.827)</b>	<b>1.515.005.980</b>	<b>4.227.212.118</b>
<b><u>Accumulated depreciation (-):</u></b>							
Buildings and land improvements	(44.322.123)	(15.161.577)	-	-	13.854.827	-	(45.628.873)
Machinery and equipment	-	(60.295.802)	(1.036.784)	-	-	-	(61.332.586)
Furniture and fixtures	(451.444.618)	(9.777.438)	(4.331.724)	-	-	-	(465.553.781)
Motor vehicles	(27.513.727)	(1.573.143)	(135.497)	-	-	-	(29.222.367)
	<b>(523.280.468)</b>	<b>(86.807.961)</b>	<b>(5.504.006)</b>	<b>-</b>	<b>13.854.827</b>		<b>(601.737.608)</b>
<b>Net book value</b>	<b>2.137.589.004</b>						<b>3.625.474.511</b>

It consists of modernization and renovation works carried out in production facility buildings in 2022, as well as modernization and automation investments made in production lines for machinery, facilities and devices.

# PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

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

(Amount 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 amortization charges were allocated to cost of goods sold by TL 76.009.916 (2022: TL 75), to general administrative expenses by TL 18.019.322 (2022: TL 9.685.212) (Note 22.a), to marketing expenses by TL 17.560.227 (2022: TL 9.754.220), to research and development expenses by TL 17.391.338 (2022: TL 9.821.759) (Note 22.c).

Movements in revaluation reserve for 2023 and 2022 years were as follows:

<b>1 January 2022</b>	-
Increase in revaluation reserve arising from revaluation of land,	
buildings and land improvements, machinery and	1.516.495.199
equipment - net	
Deferred tax calculated on the depreciation of the revaluation fund	(169.297.864)
classified in retained earnings	
<b>31 December 2022</b>	<b>1.347.197.335</b>
<b>1 January 2023</b>	<b>1.347.197.335</b>
Change in tax ratio	(125.746.904)
Depreciation transfer calculated on the revaluation fund	(3.450.407)
<b>31 December 2023</b>	<b>1.218.000.024</b>

The carrying amounts of each class of property, plant and equipment that would have been recognized if the assets have been carried under the cost model at 31 December 2023 and 2022, are as follows:

	<b>Land, improvements</b>	<b>Machinery</b>
	<b>and buildings</b>	<b>and</b>
<b>31 December 2023:</b>	<b>Land</b>	<b>equipment</b>
Cost	751.456.384	670.788.911
Less: Accumulated depreciation	-	(64.046.495)
<b>Net book value</b>	<b>751.456.384</b>	<b>606.742.416</b>
<b>31 December 2022:</b>		
Cost	1.896.773.554	625.914.794
Less: Accumulated depreciation	-	(14.782.892)
<b>Net book value</b>	<b>1.896.773.554</b>	<b>611.131.901</b>



**PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR THEN ENDED 31 DECEMBER 2023**

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

**DİPNOT 12 - INTANGIBLE ASSETS**

The movements of intangible assets and related accumulated amortization for the years ended 31 December 2023 and 2022 were as follows:

	<b>1 January 2023 Opening</b>	<b>Additions</b>	<b>31 December 2023 Closing</b>
<b>Rights</b>			
Cost	300.099.083	20.074.322	320.173.405
Accumulated amortization	(288.970.737)	(5.866.015)	(294.836.752)
<b>Net book value</b>	<b>11.128.346</b>	<b>14.208.308</b>	<b>25.336.653</b>

  

	<b>1 January 2022 Opening</b>	<b>Additions</b>	<b>31 December 2022 Closing</b>
<b>Rights</b>			
Cost	295.129.903	4.969.179	300.099.083
Accumulated amortization	(273.585.929)	(15.384.808)	(288.970.737)
<b>Net book value</b>	<b>21.543.975</b>	<b>(10.415.629)</b>	<b>11.128.346</b>

**NOTE 13 - INVESTMENT PROPERTIES**

The movements of investment properties in the accounting periods of 1 January - 31 December 2023 and 2022 are as follows:

	<b>1 January 2023</b>	<b>Additions</b>	<b>Fair Value Increase (Note 24.a)</b>	<b>31 December 2023</b>
Fair value:				
Land, buildings and building improvements	133.993.337	46.444	52.170.220	186.210.000
<b>Total</b>	<b>133.993.337</b>	<b>46.444</b>	<b>52.170.220</b>	<b>186.210.000</b>

	<b>1 January 2022</b>	<b>Additions</b>	<b>Fair Value Increase (Note 24.a)</b>	<b>31 December 2022</b>
Fair value:				
Land, buildings and building improvements	100.473.376	652.801	32.867.160	133.993.337
<b>Total</b>	<b>100.473.376</b>	<b>652.801</b>	<b>32.867.160</b>	<b>133.993.337</b>

There is TL1.903.884 rental income from investment properties in 2023 (2022: TL 1.055.228).

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

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

**NOTE 14 - GOVERNMENT GRANTS AND INCENTIVES**

In 2023 and 2022, the Company received state incentives under the Turquality project, which is implemented by the Undersecretariat of Foreign Trade to support the branding of Turkish products abroad and to establish the Turkish Goods image. Additionally, under the World Trade Organization's Agricultural Agreement and the Cabinet Decision on export-related state aids, there are export incentives for agricultural products. No amounts were earned from these state incentives in 2023 (2022: 1.902.383 TL, which was recognized under other income). The Company holds various investment incentive certificates obtained at different times and benefits from these discounts in accordance with the relevant legislation (Note 28).

**NOTE 15 - BORROWINGS AND BORROWING COSTS****a) Short and Long-Term Borrowings From Third Parties:**

	<b>31 December 2023</b>	<b>31 December 2022</b>
Shor-term borrowings-TL borrowing (*)	480.086.145	577.708.354
Short-term portions of long-term borrowings (**)	22.388.608	34.479.490
Lease liabilities (****)	9.156.503	2.101.695
<b>Short-term financial liabilities</b>	<b>511.631.256</b>	<b>614.289.539</b>
Long-term borrowings (***)	8.228.613	30.143.662
Long-term lease liabilities (****)	15.391.514	3.661.475
<b>Long-term financial liabilities</b>	<b>23.620.127</b>	<b>33.805.137</b>
<b>Total financial liabilities</b>	<b>535.251.383</b>	<b>648.094.676</b>

(\*) As of 31 December 2023, 50 million TL of short-term financial debts consists of subsidized agricultural loans with an annual average interest rate of 19,50%. The remaining amount consists of principal and interest accruals of spot and revolving loans received from various banks. The average annual interest rate for spot and revolving loans is 43,87%. (64 Million TL of short-term financial debts consist of subsidized agricultural loans with an average annual interest rate of 6,85%. The remaining amount consists of principal and interest accruals of spot and revolving loans received from various banks. The average annual interest rate of spot and revolving loans is 15,95%).

(\*\*) As of 31 December 2023, TL 13,4 million of the short-term portion of long-term loans consists of an annual average interest rate of 4,1% and a maturity of 2024 Euro investment loan principal and interest accruals, and the remaining TL 8,9 million is annual interest rate. consists of 21,44% spot loans. (31 December 2022: 27,2 Million TL consists of Euro investment loan principal and interest accrual with an annual average interest rate of 4,1% and a maturity of 2024, while the remaining 7,2 Million TL consists of spot loans with an annual interest rate of 13,75%).

(\*\*\*) As of 31 December 2023, it consists of the principal amounts of TL 8,2 million investment and spot loans used from public banks. It will mature in 2026 and the annual average interest rate is 21,44%. (31 December 2022: The long-term financial debt of TL 13,5 million, equivalent to Euro 0,4 million, has an annual average interest rate of 4,1%. It consists of the principal amount and interest accruals of the investment loan due in 2024. The remaining TL 16,6 million consists of the principal amount and interest accruals of the investment loan due in 2026 with an annual interest rate of 19,75%).

(\*\*\*\*) The Company's debts from rental consist the lease of cars, forklift trucks, farms and warehouses.

## PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

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

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

#### NOTE 15 - BORROWINGS AND BORROWING COSTS (Continued)

As of 31 December, 2023, the fair values of the Company's loans approximate their carrying amounts. The guarantees provided by the Company related to loans and financial liabilities are disclosed in Note 16.

##### b) Other financial liabilities:

	31 December 2023	31 December 2022
Other financial liabilities	38.152.042	47.980.223
<b>Total</b>	<b>38.152.042</b>	<b>47.980.223</b>

As of 31 December 2023 and 2022, other financial liabilities consist of credit card debt.

Movement of net borrowings as of 31 December 2023 and 2022 are as follows:

	2023	2022
<b>1 January</b>	<b>648.094.676</b>	<b>204.441.558</b>
Cash inflows from borrowings	1.090.990.024	1.062.525.819
Cash outflows from debt payments	(980.561.961)	(674.221.769)
Accrual of interest	27.960.217	5.525.739
Lease liabilities - net	45.734.503	7.598.114
Net monetary gain /loss	(296.966.076)	42.225.215
<b>31 December (Note 33.d)</b>	<b>535.251.383</b>	<b>648.094.676</b>

#### NOTE 16 - PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

##### a) Short-term provisions:

	31 December 2023	31 December 2022
Provisions for returns	19.274.290	25.748.604
Provision for litigations	661.670	417.477
<b>Total</b>	<b>19.935.960</b>	<b>26.166.081</b>

##### b) Guarantees given:

Letters of guarantee	12.531.190	92.941.653
<b>Total</b>	<b>12.531.190</b>	<b>92.941.653</b>

## PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

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

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

#### NOTE 16 - PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES (Continued)

##### b) Guarantees given (Continued):

The collaterals, pledges and mortgages ('CPM') position of the Company for the years ended 31 December 2023 and 2022 were as follows:

	31 December 2023			31 December 2022		
	Currency	Amount	TL Equivalent	Currency	Amount	TL Equivalent
Şirket tarafından verilen TRİ'ler:						
A. Total amount of CPM given for the Company's own legal personality	TL	12.531.190	12.531.190	TL	92.941.653	92.941.653
B. Total amount of CPM given on behalf of fully consolidated companies	-	-	-	-	-	-
C. Total amount of CPM given for continuation of its economic activities on behalf of third parties	-	-	-	-	-	-
D. Total amount of other CPM	-	-	-	-	-	-
i. Total amount of CPM given to on behalf of majority shareholders	-	-	-	-	-	-
ii. Total amount of CPM given to on behalf of other Group companies which are not in scope of B and C	-	-	-	-	-	-
iii. Total amount of CPM given to on behalf of third parties which are not in scope of C	-	-	-	-	-	-
<b>TOTAL</b>			<b>12.531.190</b>			<b>92.941.653</b>
The ratio of total amount of other CPM to Equity			%0			%0

**PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR THEN ENDED 31 DECEMBER 2023**

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

**NOTE 16 - PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES  
(Continued)****c) Guarantees received:**

31 December 2023				31 December 2022			
	Currency	Amount	TL Equivalent		Currency	Amount	TL Equivalent
Mortgages	TL	8.469.041	8.469.041		TL	11.898.398	11.898.398
Bank guarantee letter	TL	62.445.650	62.445.650		TL	40.397.068	40.397.068
	Avro	162.600	5.296.516		Avro	133.255	4.377.069
Guarantee notes	TL	518.000	518.000		TL	853.524	853.524
And cheques	USD	50.000	1.471.910		USD	50.000	1.540.487
Total			78.201.117				59.066.546

As of 31 December 2023, bails received from related parties is TL 8.469.041 (31 December 2022: TL 11.989.398).

**NOTE 17 - EMPLOYMENT TERMINATION BENEFITS****a) Payable due to employee benefits**

	<b>31 December 2023</b>	<b>31 December 2022</b>
Social security premiums payable	8.010.175	6.705.782
Other	2.144.314	2.389.239
<b>Total</b>	<b>10.154.489</b>	<b>9.095.020</b>

Provision for seniority incentive bonus	1.020.947	2.759.775
<b>Total</b>	<b>1.020.947</b>	<b>2.759.775</b>

**c) Long-term provisions due to employee benefits**

Provision employment termination benefits	135.737.218	232.668.518
Provision for seniority incentive bonus	4.886.562	3.467.153
Other	-	1.735.489
<b>Total</b>	<b>140.623.780</b>	<b>237.871.160</b>

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

## PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

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

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

#### NOTE 17 - EMPLOYMENT TERMINATION BENEFITS (Continued)

The amount payable consists of one month's salary limited to a maximum of TL 23.489,83 as of 31 December 2023 (31 December 2022: TL 15.371,40). The liability is not funded, and 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 based on actuarial assumptions.

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. The maximum amount of TL 35.058,58 which is effective from 1 January 2024 (1 January 2023: TL 32.926,29) 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 (%)	98,54	98,75

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

	2023	2022
<b>1 January</b>	<b>232.668.518</b>	<b>138.089.357</b>
Interest costs	46.085.273	34.543.835
Actuarial losses	(4.192.131)	161.991.479
Paid during the year	(73.752.748)	(11.784.122)
Current service cost	16.138.004	24.274.446
Net monetary gain loss	(81.209.698)	(114.446.477)
<b>31 December</b>	<b>135.737.218</b>	<b>232.668.518</b>

#### NOTE 18 – EXPENSE BY NATURE

	1 January - 31 December 2023	1 Ocak - 31 Aralık 2022
Direct material costs	3.400.487.293	2.638.656.370
Staff cost	462.145.925	375.575.779
Outsourced services	268.705.263	194.594.705
Energy Costs	172.329.382	282.158.148
Amortization costs (Note 11)	127.327.204	102.046.362
Shipping costs	81.337.500	57.079.621
Consultancy charges	72.018.622	49.360.706
Advertisement	67.056.069	68.869.515
Maintenance and repair expenses	66.918.353	62.722.596
Other	99.041.534	73.419.382
<b>Total</b>	<b>4.817.367.145</b>	<b>3.904.483.184</b>

## PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

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

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

#### NOTE 18 – EXPENSE BU NATURE (Continued)

##### *Fees for Services Received from Independent Audit Firm*

Information regarding the fees for the services received from the independent audit firms, in accordance with the letter of POA dated 19 August 2021 that was prepared considering the Board Decision published in the Official Gazette on 30 March 2021, is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Independent audit fee related reporting period	1.489.950	428.410
<b>Total</b>	<b>1.489.950</b>	<b>428.410</b>

#### NOTE 19 - OTHER ASSETS AND LIABILITIES

##### a) Other current assets:

	31 December 2023	31 December 2022
Deferred VAT	20.379.710	31.800.364
Income accrual	5.910.345	2.261.352
<b>Total</b>	<b>26.290.055</b>	<b>34.061.716</b>

##### b) Other current liabilities:

Expense accrual	157.164	19.393
<b>Total</b>	<b>157.164</b>	<b>19.393</b>

#### NOTE 20 - SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

The Company adopted the registered share capital system available to companies registered to the CMB and set a limit on its registered share capital representing registered type shares with a nominal value of Kr 1. The Company's historical authorized registered capital at 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Registered share capital (historical values)	100.000.000	100.000.000
Authorized registered share capital with a nominal value	43.335.000	43.335.000

## PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

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

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

#### NOTE 20 - SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

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

Shareholders	31 December 2023		31 December 2022	
	Share Amount (TL)	Share (%)	Share Amount (TL)	Share (%)
Yaşar Holding (A.B)	23.476.895	54	23.476.895	54
Pınar Süt (A.B)	5.451.752	13	5.451.752	13
Public Part (A.B)	14.406.353	33	14.406.353	33
<b>Share Capital</b>	<b>43.335.000</b>		<b>43.335.000</b>	
Adjustment to share capital	1.269.540.672		1.269.540.672	
<b>Total share capital</b>	<b>1.312.875.672</b>		<b>1.312.875.672</b>	

Adjustment to share capital amounting to TL 1.269.540.672 (31 December 2022: TL 1.269.540.672) represents the remaining amount after net-off the accumulated losses of 2003 from the difference between restated (inflation adjusted) share capital and historical cost of share capital (before inflation adjustment).

The companies registered in Turkey can exceed authorized registered share capital by the way of increasing bonus shares from capital reserves, except for by cash, at once. However, capital increase by cash shall not exceed authorized registered share capital.

As at 31 December 2023, there are 4.333.500.000 (31 December 2022: 4.333.500.000) shares with Kr 1 each.

The Company's capital is composed of 1.500.000 units of A type bearer share and 4.332.000.000 units of B type bearer share, and the B type bearer shares are traded on ISE. The business and administration of the Company shall be carried out by a Board of Directors consisting of 5, 7 and 9 members to be elected by the General Assembly under the provisions of the Turkish Commercial Code and Capital Markets Board regulations. If the Board of Directors consists of 5 members, if it consists of 3 or 7 members, if it consists of 4 or 9 members, 5 members will be selected among the candidates to be shown by the shareholders of group 'A' and among the candidates to be shown by shareholders 'B' group. If the Board of Directors decides, the Managing Director/ Members may be elected. However, the Chairman of the Board of Directors and the Managing Director/ Members are selected among the members representing group 'A'.

The Board of Directors is authorized to issue shares above or below the privileged and nominal value to restrict new capital requirements in separate groups in accordance with the provisions of the Capital Markets Law and to restrict shareholders' rights to acquire new shares or to restrict the rights of privileged shareholders. At the end of the capital increases to be made from internal sources, bonus shares are given to existing shareholders in proportion to their shares. Retained earnings in the statutory books may be distributed, with the exception of the legal reserves stated below:



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

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

---

**NOTE 20 - SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)**

Under the Turkish Commercial Code, Turkish companies are required to set aside first and second level legal reserves out of their profits. According to the Turkish Commercial Code, the first legal reserve is appropriated as 5% of the statutory net profit up to 20% of the paid-up capital of the company. The second legal reserve is 10% of the distributed profit exceeding 5% of the paid-up capital. According to the Turkish Commercial Code, the legal reserves can only be used to offset losses, unless they exceed 50% of the paid capital, and it is not possible to use them any other way.

In accordance with the announcements of CMB 'Share Capital', 'Restricted Reserves' and 'Share Premium' shall be carried at their statutory amounts. The valuation differences (e.g., the differences raise from inflation adjustments) shall be classified as follows:

- If it arises from the "Paid-in Capital" and has not been added to the capital yet, with the "Capital Adjustment Differences" item to be opened after the "Paid-in Capital" item.
- If it arises from "Restricted Reserves Allocated from Profit" and "Share Premiums" and has not been subject to profit distribution or capital increase yet, it should be associated with "Retained Earnings/(Loss)".

Capital adjustments differences have no other use other than being transferred to share capital.

Public companies can distribute dividends according to the CMB's Dividend Communiqué No. II-19.1, which entered into force as of 1 February 2014, and the Temporary Turkish Commercial Code No. 6102 published in the Official Gazette No. 31130 dated 17 May 2020. They do it in accordance with the Communiqué on the Procedures and Principles Regarding the Application of Article 13.

Companies shall distribute their profits in accordance with the profit distribution policies to be determined by the general assemblies and in accordance with the provisions of the relevant legislation. Within the scope of the aforementioned notification, a minimum distribution rate has not been determined. Companies pay dividends as set out in their articles of association or profit distribution policies. In addition, dividends may be paid in instalments of equal or different amounts and may distribute advance dividend in cash on the profit in the year-end financial statements.

In line with Article 26 of the Company's Articles of Association, previous year losses, if any, are deducted from the net period profit and then overall legal reserve and the first dividend are allocated according to the Capital Markets Board legislation. Of the remaining portion, an amount up to 5% can be set aside as allocation provision for the members of board of directors and for other items which the board of directors will determine and deem necessary in line with the decision made by the General Assembly. Based on CMB Communiqué, there is no mandatory minimum profit distribution requirement for the quoted entities at the stock exchange for profits arising from operations. Regarding the dividend distribution for the current and following years, the entities are to distribute their profits for the current and following years under the scope of their articles of association and their previously publicly declared profit distribution policies. Dividend is distributed for shares available as of accounting period of all of them equally without regarding to the dates of issue and acquisition.

In accordance with the decision taken at the Ordinary General Assembly held on 29 March 2023, the Company has decided to distribute the distributable profit of 2022 amounting to TL 156.492.472 (31 December 2022: TL 62.018.883) as dividend and board of directors. In consideration of this profit distribution decision, the Company has allocated 'Restricted Reserves' which is amounting to TL 15.432.572 from the profit of year 2022. Since the general assembly for 2023 has not been made yet, no profit distribution decision has been taken.

## PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

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

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

#### NOTE 20 - SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

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:

	<b>Inflation-adjusted amounts included in the financial statements prepared in accordance with Law No. 6762 and other legislation</b>	<b>Inflation-adjusted amounts in financial statements prepared in accordance with TMS/IFRS</b>	<b>Difference observed in previous year profits</b>
<b>31 December 2023</b>			
Capital Adjustment Differences	1.674.906.923	1.269.540.672	405.366.251
Premiums Related to Shares	-	-	-
Restricted Reserves Allocated from Profits	730.631.688	480.193.857	250.437.831
	<b>2.405.538.611</b>	<b>1.749.734.529</b>	<b>655.804.082</b>

#### NOTE 21 - REVENUE AND COST OF SALES

	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
Domestic sales	5.670.135.304	4.720.560.682
Export sales	144.119.032	147.293.546
<b>Gross Sales</b>	<b>5.814.254.336</b>	<b>4.867.854.228</b>
Less: Discounts	(801.497.403)	(729.669.782)
Returns	(63.546.459)	(96.355.817)
<b>Net Sales</b>	<b>4.949.210.474</b>	<b>4.041.828.629</b>
Change in fair value of biological assets	(90.408.749)	(59.529.552)
Cost of Sales	(4.360.326.926)	(3.527.751.384)
<b>Gross Profit</b>	<b>498.474.799</b>	<b>454.547.693</b>

**PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR THEN ENDED 31 DECEMBER 2023**

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

**NOTE 22 - GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES,  
RESEARCH AND DEVELOPMENT EXPENSES****a) General Administrative expenses:**

	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
Staff cost	51.654.809	31.679.523
Consultancy charges	44.705.442	27.138.436
Outsourced services	30.106.486	21.376.588
Employment termination benefits	16.138.004	24.274.446
Depreciation and amortization (Note 11)	18.019.322	9.685.212
Taxes	3.597.845	2.404.206
Energy expenses	2.293.184	3.887.741
Repair and maintenance expenses	935.896	666.019
Other	2.180.107	761.200
<b>Total</b>	<b>169.631.095</b>	<b>121.873.371</b>

**b) Marketing expenses:**

Advertisement expenses	67.056.069	68.869.515
Staff cost	41.965.504	29.705.133
Outsourced services	33.514.594	19.517.574
Shipping costs	32.899.337	26.868.751
Consultancy charges	26.268.002	22.125.399
Energy costs	19.101.197	30.941.821
Depreciation and amortization (Note 11.)	17.560.227	9.754.220
Maintenance and repair expenses	7.342.054	7.793.495
Other	16.335.034	22.305.000
<b>Total</b>	<b>262.042.018</b>	<b>237.880.908</b>

**c) Research and development expenses:**

	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
Depreciation and amortization (Note 11)	17.391.338	9.821.759
Staff cost	4.938.353	3.439.033
Outsourced services	1.205.867	1.402.885
Other	1.831.549	2.313.844
<b>Total</b>	<b>25.367.107</b>	<b>16.977.521</b>

**PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR THEN ENDED 31 DECEMBER 2023**

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

**NOTE 23 - OTHER OPERATING INCOME AND EXPENSES****a) Other operating income:**

	<b>1 January- 31 December 2023</b>	<b>1 January- 31 December 2022</b>
Foreign exchange gain	32.332.025	24.946.575
Interest income	13.663.593	2.529.904
Rent income	8.359.198	3.862.397
Income from sales of scrap	3.380.537	4.596.909
Other	2.467.263	8.335.626
<b>Total</b>	<b>60.202.616</b>	<b>44.271.411</b>

**b) Other operating expenses:**

Foreign exchange loss	38.744.098	20.691.203
Donations	5.652.699	687.613
Interest expense	4.004.918	1.146.935
Other	21.115.609	20.474.014
<b>Total</b>	<b>69.517.324</b>	<b>42.999.765</b>

**NOTE 24 - INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES****a) Income from investment activities:**

	<b>1 January- 31 December 2023</b>	<b>1 January- 31 December 2022</b>
Investment property value increase	52.170.220	49.220.301
Income from sales of property, plant and equipment	1.200.335	236.171
Dividend income	27.740	16.641
<b>Total</b>	<b>53.398.295</b>	<b>49.473.113</b>

**b) Expense from investment activities**

	<b>1 January- 31 December 2023</b>	<b>1 January- 31 December 2022</b>
Loss from sales of property, plant and equipment	489.977	902.638
Loss on sale of securities	-	5.152.138
<b>Total</b>	<b>489.977</b>	<b>6.054.776</b>

## PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

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

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

#### NOTE 25 - EXPENSES CLASSIFIED

Please refer to Note 18.

#### NOTE 26 - FINANCIAL INCOME AND EXPENSES

##### i. Financial Income:

	1 January - 31 December 2023	1 January - 31 December 2022
Interest income	48.099.333	31.810.189
Foreign exchange gain	1.437.722	5.400.371
<b>Total</b>	<b>49.537.055</b>	<b>37.210.560</b>

##### ii. Finansman giderleri:

Interest expense	136.181.557	95.939.843
Defined benefit plans interest cost (Note 17)	46.085.273	34.543.835
Bank commission expense	20.543.188	8.482.452
Foreign exchange loss	16.441.161	11.142.693
Interest expense	818.274	469.181
Mortgages expenses	15.783	15.494
Other	41.334	39.385
<b>Total</b>	<b>220.126.570</b>	<b>150.632.883</b>

#### NOTE 27 - ANALYSIS OF OTHER COMPREHENSIVE INCOME

Please refer to other comprehensive income.

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

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

---

**NOTE 28 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)**

**Corporate tax**

Corporations are required to pay advance corporation tax quarterly at the rate of 20% (2022: 23%) on their corporate income. Advance tax is declared by 17th and payable by the 17th (2022: 17th) of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. If, despite offsetting, there remains an amount for advance tax amount paid, it may be refunded or offset against other liabilities to the government.

In Turkey, the general corporate tax rate applied to the legal tax base, which is calculated by adding non-deductible expenses and deducting exemptions in accordance with tax laws to the commercial income of corporations. According to the Article 21 of the "Law on the Amendment of Certain Laws and the Decree Law No. 375 on the Amendment of Certain Laws and the Decree Law No. 375 on Additional Motor Vehicles Tax for the Compensation of the Economic Losses Caused by the Earthquakes Occurring on 6/2/2023" published in the Official Gazette dated 15 July 2023 and numbered 32249. with the amendments made in Article 32 of the Corporate Tax Law No. 5520 regulating the corporate tax rate, the general corporate tax rate will be applied as 25%.

Within the scope of this change, the tax rate used in deferred tax calculation as of 31 December 2023 is 25%. (31 December 2022: 20%).

Within the scope of Article 298 of the Tax Procedure Law, the necessary conditions for inflation correction of financial statements have been met as of 31 December 2021. However, in accordance with the "Law on Amendments to the Tax Procedure Law and the Corporate Tax Law" numbered 7352, published in the Official Gazette numbered 31734 dated 29 January 2022, and the provisional article 33 of the Tax Procedure Law numbered 213:

- Duplicate financial statements will not be subject to inflation adjustment in the 2021 and 2022 accounting periods and the 2023 accounting period provisional tax periods, regardless of whether the conditions for inflation adjustment within the scope of Article 298, including provisional tax periods, are met.

- Financial statements dated 31 December 2023 will be subject to inflation correction in a way that will not affect the corporate tax base,

has been ruled.

In accordance with the Tax Procedural Law General Communiqué No. 555 published in the Official Gazette No. 32415 dated 30 December 2023 and the 298th bis article of the Tax Procedure Law No. 213, it is essential that the financial statements of companies operating in Turkey for the 2023 accounting period be subject to hyperinflation correction. These inflation-adjusted financial statements will constitute an opening balance sheet basis in the tax returns to be prepared as of 1 January 2024, and inflation effects will not be considered in the corporate tax calculation for 2023.

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

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

---

**NOTE 28 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)**

**Corporate tax (Continued)**

According to the temporary article 33 of the Tax Procedure Law, the tax effects arising from the inflation adjustment of the financial statements dated 31 December 2023 are included in the deferred tax calculation as of 31 December 2023.

According to the Corporate Tax Law, financial losses shown on the declaration can be deducted from the corporate tax base of the period for a period not exceeding 5 years. Declarations and relevant accounting records can be examined by the tax office within five years and tax accounts can be revised.

Dividend payments made from joint stock companies resident in Turkey to those other than those who are not liable for corporate tax and income tax and those who are exempt, and to natural persons who are resident and non-resident of Turkey and legal entities who are not resident in Turkey are subject to 10% income tax.

Dividend payments made from joint stock companies resident in Turkey to joint stock companies resident in Turkey are not subject to income tax. Additionally, if the profit is not distributed or added to the capital, income tax is not calculated. Dividend earnings obtained by institutions from participating in the capital of another institution subject to full liability are exempt from corporate tax. In addition, 75% of the profits arising from the sale of the participation shares that have been in the assets of the institutions for at least two full years, as well as the founding shares, usufruct shares and priority rights of the real estate (immovable properties) they have owned for the same period, are exempt from corporate tax. However, with the amendment made by Law No. 7061, this rate was reduced from 75% to 50% for real estate, and this rate is used as 50% in tax returns to be prepared as of 2018. Additionally, with the amendment, as of July 15, 2023; The 50% tax exemption foreseen for real estate sales profits in Law No. 5520 has been abolished. However, this exception will be applied as 25% on the sales of real estate in the assets of businesses before 15 July 2023.

In order to benefit from the exemption, the relevant income should be kept under a fund account in liabilities and should not be withdrawn from the enterprise for 5 years. The sales amount should be collected by the end of the second calendar year following the year of sale.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within four months following the close of the accounting year to which they relate. Authorities authorized for tax inspection may examine tax returns and the accounting records underlying them during the five years following the accounting period and make re-assessments as a result of their findings.

There is a withholding tax liability on dividend distributions and this withholding tax liability is declared in the period in which the dividend is paid in cash or on account. Dividend payments are subject to a 15% withholding tax until 22 December 2021, except for non-resident companies that generate income through a workplace or their permanent representative in Turkey, and those made to companies residing in Turkey. However, in accordance with the Presidential Decision No. 4936, published in the Official Gazette dated 22 December 2021 and numbered 31697, the withholding tax rate of 15% has been reduced to 10%.

In the application of withholding tax rates for profit distributions to non-resident companies and real persons, the withholding tax rates in the relevant Double Taxation Prevention Agreements are also taken into account. The addition of retained earnings to the capital is not considered a profit distribution, therefore it is not subject to withholding tax.

## PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

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

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

#### NOTE 28 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

##### Corporate tax (Continued)

##### Transfer pricing regulations

In Turkey, transfer pricing regulations are specified in Article 13 of the Corporate Tax Law, titled "Disguised profit distribution through transfer pricing". The communiqué dated 18 November 2007 on disguised profit distribution through transfer pricing regulates the details of the implementation.

If the taxpayer buys or sells goods or services with related parties at the price they have determined in violation of the arm's length principle, the profit is deemed to have been distributed implicitly through transfer pricing in whole or in part. Disguised profit distribution through such transfer pricing is considered a non-deductible expense for corporate tax.

As of 31 December 2023 and 2022, corporation taxes currently payable are as follows:

	31 December 2023	31 December 2022
Corporation taxes currently payable	32.258.723	43.875.891
Less: Prepaid corporate tax	(28.005.453)	(51.843.223)
<b>Current income tax (assets)/ liabilities</b>	<b>4.253.270</b>	<b>(7.967.332)</b>

Taxation on expense in the statement of comprehensive income for the years ended 31 December 2023 and 2022 are as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Current corporation tax expense	(32.258.723)	(43.875.891)
Deferred tax income	17.365.022	(7.945.473)
<b>Total taxation on expense</b>	<b>(14.893.701)</b>	<b>(51.821.364)</b>

The reconciliation of tax expense is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
<b>Profit before tax</b>	<b>494.266.462</b>	<b>387.761.414</b>
Tax calculated at tax rates applicable to the profit	(123.566.616)	(89.185.125)
Expenses not deductible for tax purpose	(6.347.061)	(4.210.883)
Income not subject to tax	22.869.170	1.707.327
Tax effect of share in profits/ (losses) of affiliates	62.884.605	41.529.772
Deferred tax from inflation accounting	24.179.936	-
Inflation and other effects	5.086.265	(1.662.455)
<b>Tatol taxation on expense</b>	<b>(14.893.701)</b>	<b>(51.821.364)</b>



**PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR THEN ENDED 31 DECEMBER 2023**

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

**NOTE 28 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)  
(Continued)**

The breakdown of cumulative temporary differences and the resulting deferred income tax assets/(liabilities) provided at 31 December 2023 and 2022 using the enacted tax rates at the balance sheet dates are as follows:

	<b>Taxable cumulative temporary differences</b>		<b>Deferred income tax assets/liabilities</b>	
	<b>31 December 2023</b>	<b>31 December 2022</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Revaluation of property, plant and equipment	2.495.514.698	3.155.146.868	(497.848.858)	(404.656.983)
Differences between carrying cost before revaluation and tax base	(86.952.974)	-	21.738.244	-
Provision for employment termination benefits	(135.737.218)	(232.668.518)	33.934.304	46.533.703
Deferred tax calculated from financial assets held for sale	(51.219.629)	15.969.465	3.201.227	(557.112)
Investment incentives (*)	(2.214.649)	(4.146.753)	553.662	912.285
Investment property revaluation	170.026.094	107.403.170	(31.879.893)	(10.740.317)
Other	2.898.264	(23.899.498)	724.568	5.496.886
<b>Deferred income tax assets (liabilities) - net</b>			<b>(472.777.974)</b>	<b>(363.011.538)</b>

- (\*) The company has investment incentive certificates related to production line investment. The Company management expects to benefit from the investment allowance amounting to TL 553,662 as of 31 December 2023 (31 December 2022: TL 912.285) in accordance with the related investment incentive certificates.

Movements in deferred income tax liabilities can be analysed as follows:

	<b>2023</b>	<b>2022</b>
<b>Opening (1 January)</b>	<b>(363.011.538)</b>	<b>(217.754.752)</b>
Credited to statement of comprehensive income	17.365.022	(7.945.473)
Charged to actuarial loss arising from defined benefit plans	(1.048.033)	32.398.295
Calculated on revaluation fund	(336.521)	(411.744)
Fair value difference credited to other comprehensive income	(125.746.904)	(169.297.864)
<b>Total tax expense</b>	<b>(472.777.974)</b>	<b>(363.011.538)</b>

## PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

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

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

#### NOTE 29 - EARNINGS PER SHARE

		1 January - 31 December 2023	1 January - 31 December 2022
Profit for the period	A	479.372.761	335.940.050
Weighted number of 100 shares with a Kr1 face value (Note 20)	B	4.333.500.000	4.333.500.000
<b>Earnings per share with a Kr1 face value</b>	<b>A/B</b>	<b>11,0620</b>	<b>7,7522</b>

There are no differences between basic and diluted earnings per share. Since the General Assembly meeting of the year 2023 has not been performed yet, dividend distribution decision has not been taken.

#### NOTE 30 - EFFECTS OF CHANGES IN FOREIGN CURRENCY RATES

The foreign currency exposure of the Company is presented in Note 33.c.i.

#### NOTE 31 - REPORTING IN HYPERINFLATIONARY ECONOMIES

Please refer to Note 2.

#### NOTE 32 - FINANCIAL INSTRUMENTS

##### Available for sale-investments

	31 December 2023		31 December 2022	
	TL	(%)	TL	(%)
YDT	13.785.634	0,93	19.259.645	0,93
Bintur	413.729	1,17	400.315	1,17
Other	196.694	-	120.423	-
<b>Total</b>	<b>14.396.057</b>		<b>19.780.383</b>	

YDT and Bintur were stated at their fair values which were determined based on one of the generally accepted valuation methods, based on discounted cash flows. As of 31 December 2023, nominal discounts and growth rates are used in the fair value calculations.

## PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

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

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

#### NOTE 32 - FINANCIAL INSTRUMENTS (Continued)

As of 31 December 2023 and 2022, the discount and growth rates used in discounted cash flow models are as follows:

	<b>Discount Rate</b>		<b>Growth Rate</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Bintur	36,87%	39,18%	1%	1%
YDT	35,61%	38,03%	1%	1%

Movements of available for financial investments are as follows:

	<b>2023</b>	<b>2022</b>
<b>1 January</b>	<b>19.780.383</b>	<b>11.545.474</b>
Fair value change	2.391.425	12.752.013
PNet monetary gain/loss	(7.775.751)	(4.517.104)
<b>31 December</b>	<b>14.396.057</b>	<b>19.780.383</b>

Movements of fair value change are as follows:

<b>1 January</b>	<b>7.823.163</b>	<b>-</b>
Change in fair value	(5.797.731)	8.234.909
Change in fair value available for sale investments (Note28)	269.216	(411.746)
<b>31 December</b>	<b>2.294.648</b>	<b>7.823.163</b>

#### NOTE 33 - 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.

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 (especially arising from meat price fluctuations).

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

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

---

**NOTE 33 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)**

The financial risk management objectives of the Company are defined as follows:

- Safeguarding the Company's core earnings stream from its major assets through the effective control and management of foreign exchange risk and interest rate risk,
- Effective and efficient usage of credit facilities in both the short and long term through the adoption of reliable liquidity management planning and procedures,
- Effective monitoring and minimizing risks sourced from counterparts.

**a) Credit risk**

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements and in turn credit risks arises from cash and cash equivalents, deposits in banks and financial instructions, as well as credit exposures to customers, including outstanding receivables and committed transactions. Majority of the Company's sales in domestic market are made to its investments in associate, YBP, and its exports are made to YDT, which are both Yaşar Group Companies. In line with past experiences and current condition trade receivables are monitored by the Company Management and necessary provisions for impairment is recognized. The Company management believes that credit risk arises from receivables is well managed. The Company management believes that there is no risk for non-trade receivables from related parties since they are mainly comprised of receivables from shareholders. The credit risk analysis of the Company as of 31 December 2023 and 2022 are as follows:

# PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

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

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

### NOTE 33 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

#### a) Credit risk (Continued):

31 December 2023

	Receivables				
	Trade Receivables (1)			Other Receivables	Bank Deposits
	Related Party	Third Party	Related Party	Third Party	
<b>Maximum amount of credit risk exposed as of reporting date (A+B+C+D+E) (2)</b>	<b>557.714.089</b>	<b>156.151.400</b>	<b>109.343.730</b>	<b>34.228.833</b>	<b>17.324.906</b>
- The part of maximum credit risk covered with guarantees	-	-	-	-	-
<b>A. Net book value of financial assets not due or not impaired</b>	<b>475.815.315</b>	<b>142.522.296</b>	<b>109.343.730</b>	<b>34.228.833</b>	<b>17.324.906</b>
<b>B. Net book value of financial assets whose conditions are renegotiated , otherwise will be classified as past due or impaired</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>C. Net book value of assets past due but not impaired (3)</b>					
- The part covered by guarantees	81.898.774	13.629.104	-	-	-
<b>D. Net book value of assets impaired</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
- Past due amount (gross book value)	-	597.400	-	-	-
- Impairment amount (-)	-	(597.400)	-	-	-
- Collateral held as security and guarantees received	-	-	-	-	-
- Not due amount (gross book value)	-	-	-	-	-
- Impairment amount (-)	-	-	-	-	-
- Collateral held as security and guarantees received	-	-	-	-	-
<b>E. Off-balance items exposed to credit risk</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

- (1) The Company's receivables are mainly stemming from meat and by-products, frozen dough products and packaged food.
- (2) In determining the related amounts, factors that increase the credit reliability such as the collateral received are not considered.
- (3) The Company management anticipates that it will not encounter any problems in the collection of related amounts, considering its past experience.

# PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

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

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

### NOTE 33 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

#### a) Credit risk (Continued):

31 December 2022

	Receivables				
	Trade Receivables (1)			Other Receivables	Bank Deposits
	Related Party	Third Party	Related Party	Third Party	
<b>Maximum amount of credit risk exposed as of reporting date (A+B+C+D+E) (2)</b>	<b>517.046.263</b>	<b>118.125.816</b>	<b>207.349.911</b>	<b>94.248.478</b>	<b>73.376.062</b>
- The part of maximum credit risk covered with guarantees	-	-	-	-	-
<b>A.</b> Net book value of financial assets not due or not impaired	460.894.548	107.631.419	207.349.911	94.248.478	73.376.062
<b>B.</b> Net book value of financial assets whose conditions are renegotiated , otherwise will be classified as past due or impaired	-	-	-	-	-
<b>C.</b> Net book value of assets past due but not impaired (3)					
- The part covered by guarantees	56.151.715	10.494.397	-	-	-
<b>D.</b> Net book value of assets impaired	-	-	-	-	-
- Past due amount (gross book value)	-	-	-	-	-
- Impairment amount (-)	-	1.688.878	-	-	-
- Collateral held as security and guarantees received	-	(1.688.878)	-	-	-
- Not due amount (gross book value)	-	-	-	-	-
- Impairment amount (-)	-	-	-	-	-
- Collateral held as security and guarantees received	-	-	-	-	-
<b>E.</b> Off-balance items exposed to credit risk	-	-	-	-	-

- (1) The Company's receivables are mainly stemming from meat and by-products, frozen dough products and packaged food.
- (2) In determining the related amounts, factors that increase the credit reliability such as the collateral received are not considered.
- (3) The Company management anticipates that it will not encounter any problems in the collection of related amounts, considering its past experience.

## PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

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

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

#### NOTE 33 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

##### a) Credit risk (Continued):

31 December 2023	Receivables		
	Related Parties	Third Parties	Total
1 - 30 days overdue	54.208.359	12.979.539	67.187.898
1 - 3 months overdue	26.263.844	493.651	26.757.495
3 - 6 months overdue	1.426.571	155.914	1.582.485
The part of credit risk covered with guarantees	-	-	-
<b>Total</b>	<b>81.898.774</b>	<b>13.629.104</b>	<b>95.527.878</b>

  

31 December 2022	Receivables		
	Related Parties	Third Parties	Total
1 - 30 days overdue	24.263.914	9.427.792	33.691.706
1 - 3 months overdue	10.057.487	256.551	10.314.038
3 - 6 months overdue	21.830.314	810.054	22.640.368
The part of credit risk covered with guarantees	-	-	-
<b>Total</b>	<b>56.151.715</b>	<b>10.494.397</b>	<b>66.646.112</b>

##### b) Liquidity risk:

Prudent liquidity risk management comprises maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The ability to fund the existing and prospective debt requirements is managed by maintaining the availability of fund providers lines from high quality lenders. In order to maintain liquidity, the Company management closely monitors the timely collection of trade receivables, take actions to minimize the effect of delay in collections and arranges cash and non-cash credit lines from financial institutions in case of requirement.

**PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR THEN ENDED 31 DECEMBER 2023**

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

**NOTE 33 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)****b) Liquidity risk (Continued):**

The liquidity risk analysis of financial liability types as of 31 December 2023 and 2022 is as follows:

**31 December 2023**

	<b>Carrying value</b>	<b>Total cash outflow per agreement (=I+II+III)</b>	<b>Less than 3 months (I)</b>	<b>3-12 months (II)</b>	<b>1-5 years (III)</b>
<b>Financial liabilities</b>					
Bank borrowings	510.703.366	590.642.224	273.498.119	307.858.312	9.285.793
Trade payables	758.313.708	758.313.708	732.470.152	25.843.556	-
Other payables and other financial liabilities	89.487.316	89.487.316	59.862.288	14.233.514	15.391.514
<b>Total</b>	<b>1.358.504.390</b>	<b>1.438.443.248</b>	<b>1.065.830.559</b>	<b>347.935.382</b>	<b>24.677.307</b>

**31 December 2022**

	<b>Carrying value</b>	<b>Total cash outflow per agreement (=I+II+III)</b>	<b>Less than 3 months (I)</b>	<b>3-12 months (II)</b>	<b>1-5 years (III)</b>
<b>Financial liabilities</b>					
Bank borrowings	642.331.505	712.762.936	205.745.077	410.419.461	96.598.398
Trade payables	614.115.377	614.115.377	589.472.620	24.642.757	-
Other payables and other financial liabilities	155.608.168	155.608.168	148.037.421	3.909.272	3.661.475
<b>Total</b>	<b>1.412.055.051</b>	<b>1.482.486.481</b>	<b>943.255.118</b>	<b>438.971.490</b>	<b>100.259.873</b>

**c) Market risk:***i) Foreign exchange risk*

The Company is exposed to foreign exchange risks through the impact of rate changes on translation into TL of foreign currency denominated assets and liabilities. The Company minimizes the risk through balancing foreign currency denominated assets and liabilities. These risks are monitored by analyses of the foreign currency position. Current risks are discussed by the Audit Committee and the Board of Directors regularly and the foreign exchange rates relevant to the foreign currency position of the Company are mentioned.



# PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

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

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

### NOTE 33 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

#### c) Market risk (Continued):

	31 December 2023		Foreign Currency Position		31 December 2022		Other (TL Equivalent)	
	TL Equivalent	USD	EUR	Other (TL Equivalent)	TL Equivalent	USD	EUR	Other (TL Equivalent)
1. Trade Receivables	79.580.896	2.703.321	-	-	82.503.997	2.557.644	112.754	-
2a. Monetary Financial Assets (Cash.- Bank account)	459.249	15.123	432	-	1.204.683	37.992	1.040	-
2b. Non-monetary Financial Assets	-	-	-	-	-	-	-	-
3. Other	667.496	22.674	-	-	706.637	22.907	27	-
<b>4. Current Assets (1+2+3)</b>	<b>80.707.641</b>	<b>2.741.118</b>	<b>432</b>	<b>-</b>	<b>84.415.316</b>	<b>2.618.543</b>	<b>113.821</b>	<b>-</b>
5. Trade Receivables	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	-	-	-	-
<b>8. Non-Current Assets (5+6+7)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9. Total Assets (4+8)</b>	<b>80.707.641</b>	<b>2.741.118</b>	<b>432</b>	<b>-</b>	<b>84.415.316</b>	<b>2.618.543</b>	<b>113.821</b>	<b>-</b>
10. Trade Payables	9.834.610	11.531	290.953	-	20.051.385	48.757	563.613	-
11. Financial Liabilities	13.486.510	-	413.283	-	27.300.852	-	829.650	-
12a. Monetary Other Liabilities	-	-	-	-	-	-	-	-
12b. Non-monetary Other Liabilities	-	-	-	-	-	-	-	-
<b>13. Short-Term Liabilities 10+11+12</b>	<b>23.321.120</b>	<b>11.531</b>	<b>704.236</b>	<b>-</b>	<b>47.352.237</b>	<b>48.757</b>	<b>1.393.263</b>	<b>-</b>
14. Trade Payables	-	-	-	-	-	-	-	-
15. Financial Liabilities	-	-	-	-	13.498.234	-	410.200	-
16a. Monetary Other Liabilities	-	-	-	-	-	-	-	-
16b. Non-monetary Other Liabilities	-	-	-	-	-	-	-	-
<b>17. Long Term Liabilities (15+16)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13.498.234</b>	<b>-</b>	<b>410.200</b>	<b>-</b>
<b>17. Long-Term Liabilities 14+15+16</b>	<b>23.321.120</b>	<b>11.531</b>	<b>704.236</b>	<b>-</b>	<b>60.850.471</b>	<b>48.757</b>	<b>1.803.463</b>	<b>-</b>
<b>19. Net Foreign Currency Asset/(Liability) Position of Derivative Instruments (19a-19b)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>20. Net Foreign Currency Asset/(Liability) Position (9-18+19)</b>	<b>57.386.521</b>	<b>2.729.587</b>	<b>(703.804)</b>	<b>-</b>	<b>23.564.845</b>	<b>2.569.786</b>	<b>(1.689.642)</b>	<b>-</b>
<b>21. Net Foreign Currency Asset/(Liability) Position of Monetary Items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>56.719.025</b>	<b>2.706.913</b>	<b>(703.804)</b>	<b>-</b>	<b>22.858.208</b>	<b>2.546.879</b>	<b>(1.689.669)</b>	<b>-</b>
<b>22. Total Fair Value of Financial Instruments Used for Foreign Currency Hedging</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>23. Hedged amount for Foreign Currency Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>24. Hedged amount for Foreign Currency Liability</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>25. Export</b>	<b>115.725.916</b>	<b>3.506.540</b>	<b>178.157</b>	<b>29.769.217</b>	<b>147.293.546</b>	<b>3.601.947</b>	<b>172.762</b>	<b>17.045.246</b>
<b>26. Import</b>	<b>45.629.078</b>	<b>33.220</b>	<b>1.780.981</b>	<b>-</b>	<b>57.237.593</b>	<b>22.650</b>	<b>1.629.081</b>	<b>59</b>

# PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

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

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

### NOTE 33 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

#### c) Market risk (Continued):

##### i) Foreign exchange risk (Continued):

31 December 2023

	Sensitivity Analysis for Foreign Currency Risk			
	Profit/(Loss)		Equity	
	Appreciation of Foreign currency	Depreciation of Foreign currency	Appreciation of Foreign currency	Depreciation of Foreign currency
<b>Change of USD by 10% against TL:</b>				
1- Asset/Liability denominated in USD - net	8.035.413	(8.035.413)	8.035.413	(8.035.413)
2- The part hedged for USD risk (-)	-	-	-	-
<b>3- USD Effect Net (1+2)</b>	<b>8.035.413</b>	<b>(8.035.413)</b>	<b>8.035.413</b>	<b>(8.035.413)</b>
<b>Change of EUR by 10% against TL:</b>				
4- Asset/Liability denominated in EUR - net	(2.296.695)	2.296.695	(2.296.695)	2.296.695
5- The part hedged for EUR risk (-)	-	-	-	-
<b>6- EUR Effect Net (4+5)</b>	<b>(2.296.695)</b>	<b>2.296.695</b>	<b>(2.296.695)</b>	<b>2.296.695</b>
<b>Change of other currencies by average 10% against TL</b>				
7- Assets/Liabilities denominated in other foreign currencies – net	-	-	-	-
8- The part hedged for other foreign currency risk (-)	-	-	-	-
<b>9- Other Foreign Currency Effect - net (7+8)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL (3+6+9)</b>	<b>5.738.718</b>	<b>(5.738.718)</b>	<b>5.738.718</b>	<b>(5.738.718)</b>

**PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.**

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

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

**NOTE 33 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)**

**c) Market risk (Continued):**

*i) Foreign exchange risk (Continued):*

**31 December 2022**

	Sensitivity Analysis for Foreign Currency Risk			
	Profit/(Loss)	Equity		
	Appreciation of Foreign currency	Depreciation of Foreign currency	Appreciation of Foreign currency	Depreciation of Foreign currency
<b>Change of USD by 10% against TL:</b>				
1- Asset/Liability denominated in USD - net	7.564.987	(7.564.987)	7.564.987	(7.564.987)
2- The part hedged for USD risk (-)	-	-	-	-
<b>3- USD Effect Net (1+2)</b>	<b>7.564.987</b>	<b>(7.564.987)</b>	<b>7.564.987</b>	<b>(7.564.987)</b>
<b>Change of EUR by 10% against TL:</b>				
4- Asset/Liability denominated in EUR - net	(5.513.741)	5.513.741	(5.513.741)	5.513.741
5- The part hedged for EUR risk (-)	-	-	-	-
<b>6- EUR Effect Net (4+5)</b>	<b>(5.513.741)</b>	<b>5.513.741</b>	<b>(5.513.741)</b>	<b>5.513.741</b>
<b>Change of other currencies by average 10% against TL:</b>				
7- Assets/Liabilities denominated in other foreign currencies – net	-	-	-	-
8- The part hedged for other foreign currency risk (-)	-	-	-	-
<b>9- Other Foreign Currency Effect - net (7+8)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL (3+6+9)</b>	<b>2.051.246</b>	<b>(2.051.246)</b>	<b>2.051.246</b>	<b>(2.051.246)</b>

## PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

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

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

#### NOTE 33 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

##### c) Market risk (Continued):

###### ii) Interest rate risk

The Company does not have financial instrument with variable interest rate as of 31 December 2023 and 2022.

###### iii) Price risk

The profitability of the Company's operations and the cash flows generated by those operations are affected by changes in the raw material prices and market competition that are closely monitored by the Company management and precautions for cost efficiency are taken. The Company does not anticipate that prices of unprocessed meat and other raw materials will change significantly in the foreseeable future and, therefore, has not entered into derivative or other contracts to manage the risk of a decline or increase in the prices of unprocessed meat and other stocks and raw materials. The current risks are properly monitored by Board of Directors and Audit Committee regularly in considering the need for active financial risk management.

##### d) Capital risk management:

The Company's objectives when managing capital are 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.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as the total liability (including borrowings, trade payables, due to related parties and other payables, as shown in the balance sheet) less cash and cash equivalents.

	31 December 2023	31 December 2022
Financial liabilities (Note 15)	573.403.425	696.074.898
Less: Cash and cash equivalents (Note 4)	(54.457.411)	(92.623.511)
Other receivables from related parties	(109.343.730)	(207.349.911)
Other payables to related parties	5.077.011	1.807.577
Net debt/ (assets) (Note 15)	414.679.295	397.909.053
<b>Total Equity</b>	<b>4.669.169.233</b>	<b>4.790.684.895</b>
<b>Net debt (assets)/ equity ratio</b>	<b>%8.9</b>	<b>%8.3</b>

The Company management regularly monitors the (assets) debt/ equity ratio. The Company Management regularly monitors the (assets) debt/ equity ratio.

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

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

---

**NOTE 34 - FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK  
MANAGEMENT DISCLOSURES)**

**Classification of financial assets**

The Company classifies its financial assets and liabilities as loans and receivables. Cash and cash equivalents, trade receivables and other receivables from the Company's financial assets are classified as loans and receivables and are measured at cost. The Company's financial liabilities consist of financial liabilities (Note 15), other financial liabilities, trade payables and other payables.

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current market exchange.

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

Financial assets

The fair value of the foreign currency denominated amounts, which are translated by using the exchange rates prevailing at period-end, is considered to approximate their fair value. The fair values of certain financial assets carried at costs, including cash and due from banks, receivables and other financial assets are considered to approximate their respective carrying values due to their short-term nature.

Financial liabilities

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).

**PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR THEN ENDED 31 DECEMBER 2023**

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

**NOTE 34 - FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK  
MANAGEMENT DISCLOSURES) (Continued)****Classification of financial assets (Continued)**

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2022 and 2021:

**31 December 2023**

	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Financial Investments	-	14.396.057	-	14.396.057
<b>Total assets</b>	<b>-</b>	<b>14.396.057</b>	<b>-</b>	<b>14.396.057</b>

**31 December 2022**

	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Financial Investments	-	19.780.383	-	19.780.383
<b>Total assets</b>	<b>-</b>	<b>19.780.383</b>	<b>-</b>	<b>19.780.383</b>

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

**31 December 2023**

	Level 1	Level 2	Level 3 (*)	Total
<b>Property, plant and equipment</b>				
Land	-	2.240.842.736	-	2.240.842.736
Buildings and land improvements	-	567.019.343	-	567.019.343
Machinery and equipment	-	738.332.542	-	738.332.542
<b>Investment properties:</b>				
Investment properties	-	186.210.000	-	186.210.000
<b>Biological assets:</b>				
Biological assets	-	-	168.092.556	168.092.556
<b>Total assets</b>	<b>-</b>	<b>3.732.404.621</b>	<b>168.092.556</b>	<b>3.900.497.177</b>

(\*) Since there is no live stock market for male and female turkeys, the Company estimates fair value by taking into account the realized sales prices and age, gender and productivity.

## PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

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

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

#### NOTE 34 - FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK MANAGEMENT DISCLOSURES) (Continued)

##### Classification of financial assets (Continued)

31 December 2022

	Level 1	Level 2 (*)	Level 3 (**)	Total
<b>Property, plant and equipment:</b>				
Land	-	2.240.842.736	-	2.240.842.736
Buildings and land improvements	-	575.992.945	-	575.992.945
Machinery and equipment	-	752.201.868	-	752.201.868
<b>Investment properties:</b>				
Investment properties	-	133.993.337	-	133.993.337
<b>Biological assets:</b>				
Biological assets	-	63.753.088	164.330.539	228.083.627
<b>Total assets</b>	<b>-</b>	<b>3.766.783.974</b>	<b>164.330.539</b>	<b>3.931.114.513</b>

(\*) Fair value estimation is made by taking into consideration the cattle fattening calf value estimates, the sales prices received from the National Red Meat Council and the scale prices purchased from livestock breeding farms.

(\*\*) Since there is no live stock market for male and female turkeys, the Company makes fair value estimates by taking into account the realized sales prices and age, gender and productivity.

#### NOTE 35 - SUBSEQUENT EVENTS

In accordance with the decision of the Board of Directors taken on 7 February 2024, it was decided that our company would participate in the capital increase of Hadaf Foods company of USD 18.000.000 with USD 3.000.000 and a capital advance payment was made.

.....