



# PINAR SU VE İÇECEK ANNUAL REPORT 2020

for a better life



**Relevant Accounting Period of the Report**

01.01.2020 – 31.12.2020

**Trade Name**

Pınar Su ve İçecek Sanayi ve Ticaret A.Ş.

**Trade Registry Office and Number**

Izmir Trade Registry 45707-K-2016

**Upper Limit of the Registered Capital**

50,000,000 TL

**Paid-in Capital**

44,762,708.45 TL

**Contact Information****Headquarters**

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**General Directorate**

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**Website - Social Media**

[www.pinarsu.com.tr](http://www.pinarsu.com.tr)

[www.facebook.com/pinarsuofficial](https://www.facebook.com/pinarsuofficial)

[www.twitter.com/pinarsuofficial](https://www.twitter.com/pinarsuofficial)

[www.instagram.com/pinarsuofficial](https://www.instagram.com/pinarsuofficial)

[www.linkedin.com/company/pinar-su-icecek](https://www.linkedin.com/company/pinar-su-icecek)

[www.pinar.com.tr](http://www.pinar.com.tr)

[instagram.com/pinarlayasam](https://instagram.com/pinarlayasam)

[facebook.com/pinarlayasam](https://facebook.com/pinarlayasam)

[twitter.com/pinarlayasam](https://twitter.com/pinarlayasam)

[youtube.com/herseycocuklarimizicin](https://youtube.com/herseycocuklarimizicin)



## CONTENTS

3	One of the Hard Working, Producing And Leading Communities of Turkey...
4	Message from the Chairperson of the Board
6	Board of Directors
8	Pınar Su ve İçecek at a Glance
10	Company Profile
12	Competitive Advantages
14	Pınar Su ve İçecek Products
15	Innovations that Follow Trends
16	The Place of Pınar Su ve İçecek in the Sector
18	Activities of 2020
20	Customers and Consumers of Pınar Su ve İçecek
24	Investments in 2020
25	High Quality
26	Productivity Works
28	Pınar Su ve İçecek Family
30	Sustainability Approach
32	Corporate Social Responsibility
34	Awards and Certificates
35	Milestones
36	Corporate Management Practices and Financial Information
43	Agenda
50	Independent Auditor's Report on the Annual Activity Report of the Board of Directors
53	Financial Statements and Independent Auditor's Report
128	Information for Investors



Pinar Su ve İçecek, which is a pioneer in its sector with its international production standards and modern technology, offers purity, naturalness and health with its products 'for a better life'.

# One of the Hard Working, Producing, and Leading Groups of Turkey...

Yaşar Group, which has been acting with the principle of “working, producing, and providing benefit to its country” since its establishment, adds value to the Turkish economy, society, environment, quality of life and human health without compromising on its corporate and ethical principles. One of the leading corporate groups in Turkey operating with 21 companies, 25 factories and facilities, 2 foundations and 7,500 employees today, the foundation of Yaşar Group was constituted by the “Durmuş Yaşar Enterprise”, which was established in Izmir by Durmuş Yaşar in 1927 to sell marine materials and paint.

FOOD AND BEVERAGE GROUP	COATINGS GROUP	SANITARY PAPERS GROUP	TRADE AND SERVICE GROUP	FOUNDATIONS
<b>Food</b> <ul style="list-style-type: none"> <li>• Pınar Süt</li> <li>• Pınar Et</li> <li>• Yaşar Birleşik Pazarlama</li> <li>• Pınar Foods GmbH</li> <li>• HDF FZCO</li> <li>• Hadaf Foods Industries LLC</li> </ul> <b>Beverage</b> <ul style="list-style-type: none"> <li>• Pınar Su ve İçecek</li> </ul> <b>Agriculture, Husbandry and Fisheries</b> <ul style="list-style-type: none"> <li>• Çamlı Yem Besicilik</li> </ul>	<ul style="list-style-type: none"> <li>• Dyo Boya Fabrikaları</li> <li>• AO Kemipeks</li> <li>• S.C. Dyo Balkan SRL</li> <li>• Dyo Africa Paints and Varnishes LLC</li> </ul>	<ul style="list-style-type: none"> <li>• Viking Kağıt</li> </ul>	<ul style="list-style-type: none"> <li>• Altın Yunus Çeşme</li> <li>• Bintur</li> <li>• Yaşar Dış Ticaret</li> <li>• Yaşar Bilgi</li> <li>• Yadex International GmbH</li> <li>• Desa Enerji</li> <li>• Desa Elektrik</li> </ul>	<ul style="list-style-type: none"> <li>• Yaşar Eğitim ve Kültür Vakfı</li> <li>• Selçuk Yaşar Spor ve Eğitim Vakfı</li> </ul>

## Most Known Brands in Different Industries

Pınar and DYO, the leading brands in the food, beverage and paint industries, which are the main business lines of Yaşar Group, are among the top brands in Turkey’s “most known brands by consumers” listing. Operating in the fields of sanitary papers, tourism, foreign trade and energy, as well as food, beverages and paint, the shares of Yaşar Holding A.Ş.’s subsidiaries Pınar Süt, Pınar Et, Pınar Su ve İçecek, Dyo Boya, Viking Kağıt and Altın Yunus Çeşme are traded on Borsa İstanbul.

## A Deep-rooted Establishment that Introduced a Series of “FIRSTS” to Turkey

Yaşar Group has stamped its signature on many “firsts” in Turkey with its innovative approach:

- The first paint factory and brand, DYO
- The first private industrial dairy factory to international standards, PINAR SÜT
- The first premium-class holiday village with 1,100 beds, ALTIN YUNUS ÇEŞME
- The first private industrial paper mill, VİKİNG KAĞIT
- The first natural spring water offered in disposable packaging, PINAR SU VE İÇECEK
- The first private industry integrated meat facility, PINAR ET
- The first integrated turkey facility, PINAR HİNDİ
- The first aquaculture facility and the first aquaculture farmed-fish production, PINAR DENİZ
- The first organic fertilizer factory, ÇAMLI YEM

## An Approach That Values the Environment and Society

Yaşar Group, which adopts as one of its basic principles the monitoring and minimizing of the possible effects of all its activities on the environment and people, continues its activities in accordance with all laws and regulations. Yaşar Group support education, sports, culture and the arts with long-term corporate social responsibility projects; it carries out many projects through Yaşar Education and Culture Foundation and Selçuk Yaşar Sports and Education Foundation. Yaşar University, on the other hand, is progressing towards becoming one of the most successful universities in Turkey.

Yaşar Group, which joined the United Nations (UN) Global Compact on November 12, 2007, published Progress Reports for 2009 and 2010, and a Sustainability Report for 2011-2019. Signing the UN Women’s Empowerment Principles “Declaration of CEO Support” in 2012, the Group has also made commitments on gender policies with the “Equality at Work Declaration” in 2013.

The progress reports and sustainability reports published by the Group within the scope of the Global Compact are available on the corporate website at [www.yasar.com.tr](http://www.yasar.com.tr).





## Message from the Chairperson of the Board

As an active player in the international market that has realized its activities sustainably, our company alone carried out 17.8% of Turkey's total water exports in 2020 with its sales to 20 countries.

Dear Shareholders,

The year of 2020 we have left behind was one that brought about comprehensive change, with all moulds broken. The COVID-19 epidemic, which emerged in China and spread rapidly around the world in 2020 brought about drastic economic and political change, disrupting all our former balances. And yet the discovery of the vaccine during the year and the positive results from studies in the pharmaceutical sector have since given hope to all of us.

Having started the year 2020 with a growth forecast of 2.9% for the global economy, the Organization for Economic Cooperation and Development (OECD), lowered its growth forecast to 2.4% - the lowest level since 2009 - as the COVID-19 epidemic turned into a serious crisis in March. However, in the last month of the year, the OECD announced its expectation that the world economy would shrink by 4.2% in 2020 due to the pressure of the epidemic on countries and the continuing decline in global production. On the other hand, in the Turkish economy, the effects of the epidemic were not much felt in the first quarter, while our economy contracted somewhat in the second quarter, with the contraction in the industry and service sectors. And with the impact of the normalization process, a growth above expectations was realized in the third quarter.

As Turkey's first TSE-certified packaged water brand, we have continued our production journey begun in 1984 with the added value-creating works realized throughout the year in light of the corporate values of the Yaşar community, of which we are a member.

With the rise of healthy life and good nutrition trends, consumer demand for functional and flavored beverages has increased in 2020. The growth trend of sugar-free products not only in the Turkish market, but also in global beverage markets has accelerated further with the knock-on effects of the pandemic effect to. As Pınar Su ve İçecek, we continued to work on products enriched in nutrients in line with changing consumer preferences in the sector, where the trend towards sugar-free and vitamin-containing beverages has increased.

While the packaged water market size realized at 10.9 billion liters of volume with a decrease of 6% year-on-year in 2020, our company, which ranked among the top 5 companies in the market by turnover, ended the year with a sales tonnage of 379 thousand tons and net sales of 219.8 million TL. The amount of investments we made during the year was 7.3 million TL.

### Increased Export Volume

As an active player in the international market that sustainably continued its activities, our company alone accounted for 17.8% of Turkey's total water exports in 2020 with its sales to 20 countries. As Pınar Su ve İçecek, we have increased our exports from 58 thousand tons to 63 thousand tons in 2020, and achieved an export revenue of USD 7 million. The European market was again the largest market with a share of 83.4% in our exports, whose share in the company's turnover exceeds 21%. Our company, which added Pınar functional beverage and Pınar Ice Tea categories to its export product portfolio during the year, aims to reach new markets with its value-added beverage product segment in the coming period.

### Quality and Safe Production

Our company, whose quality has been confirmed through national and international certifications, has continued to improve the quality of products and services with the responsibility of being the first Turkish beverage brand to receive the International Health and Food Safety Compliance Certificate (NSF). In response to the pandemic, we have developed additional hygiene measures in all business processes, from production to shipment. As Pınar Su ve İçecek, we have fulfilled all the necessary criteria and obtained the "COVID-19 Safe Production Certificate" for our existing production facilities.

In 2020, we implemented many measures to protect the health of our employees against the pandemic. In addition, as a company that considers its employees to be the main pillar of growth and development, we have implemented practices for the development activities and career planning processes of our human resources. Our Gender Equality Committees continued to produce projects.

### Health Focused Innovations

Continuously following consumer needs and expectations, our company launched the Sugar-Free Pınar Fii product family, which consists of a combination of natural spring water and fruit juices, to the market in parallel with the rise of the healthy lifestyle trend. Another innovation for our consumers who prefer healthy eating has been to add extra vitamin C to Lemonade products, in addition to the New Generation Life Spring Functional Beverage Family.

### Efficient Distribution Network, Mobile Order Application

As Pınar Su ve İçecek, we are constantly strengthening our competitive position in the sector with an effective sales and distribution network. In this context, the technical improvements made in the Pınar Water Mobile Order Application, which stands out as an e-commerce channel in the sector for credit card payment and

contactless delivery in 2020, continued to accelerate with the effect of the pandemic process. In order to increase the service quality of our dealers and to reduce consumer complaints we implemented the "Perfect Customer Experience Project".

In addition, the "Barrier-Free Communication Line" for visually impaired individuals was put into service through the Pınar Communication Center.

### Our Sustainability Approach

As Pınar Su ve İçecek, we carry out our sustainability studies with the goal of leaving a healthy and sustainable physical and social environment to future generations. We continue our activities by "taking good care of" our business, our employees, society, our business partners and the environment.

With our mission to create social value, we continue our support for the arts, education and sports under the Pınar brand. We also continue to undertake works we take pride in through our traditional projects. Although social life was severely interrupted in 2020 by the pandemic, we continued our social responsibility efforts with our solution-oriented approach. While Pınar Children's Theater suspended its play "Game Machine" as of March due to the pandemic, it continued to meet with our children who love theater on our Youtube channel "Everything is for Our Children". The Pınar Children's Painting Studio reached children by moving its works to the digital platform after the tour, from which they had to take a break. 5,685 paintings were entered into the International Pınar Children's Painting Competition in 2020.

Our support for sports has continued for 22 years with the name sponsorship of Pınar Karşıyaka Basketball Team, and the contribution we have made to the infrastructure of the Karşıyaka Basketball Branch to contribute to our children's sports.

We will always continue to champion the health of our consumers and remain their "Spring of Life".

I would like to express my gratitude to all our shareholders, consumers, customers, employees and suppliers who have contributed to the sustainable success of our company and to the achieving of its goals.

Respectfully Yours,

**Emine Feyhan Yaşar**  
Chairperson of the Board of Directors

## Board of Directors

**EMİNE FEYHAN YAŞAR**  
CHAIRPERSON



**İDİL YİĞİTBAŞI**  
VICE CHAIRPERSON



**MUSTAFA SELİM YAŞAR**  
MEMBER



**SEZAİ BEKGÖZ**  
INDEPENDENT MEMBER



**FEYZİ ONUR KOCA**  
INDEPENDENT MEMBER



**YILMAZ GÖKOĞLU**  
MEMBER



**CENGİZ EROL**  
MEMBER



Resumes of the Board of Directors  
are included on pages 37-38.



# Senior Management and Committees

## BOARD OF DIRECTORS AND TERM OF OFFICES

NAME AND LAST NAME	TITLE	TERM OF OFFICE
EMİNE FEYHAN YAŞAR	CHAIRPERSON	25.03.2020 - 1 YEAR
İDİL YİĞİTBAŞI	VICE CHAIRPERSON	25.03.2020 - 1 YEAR
MUSTAFA SELİM YAŞAR	MEMBER	25.03.2020 - 1 YEAR
SEZAİ BEKGÖZ	INDEPENDENT MEMBER	25.03.2020 - 1 YEAR
FEYZİ ONUR KOCA	INDEPENDENT MEMBER	25.03.2020 - 1 YEAR
YILMAZ GÖKOĞLU	MEMBER	25.03.2020 - 1 YEAR
CENGİZ EROL	MEMBER	25.03.2020 - 1 YEAR

### Limits of Authority:

Both the Chairperson of the Board of Directors and the Members of the Board of Directors have the powers specified in the relevant articles of the Turkish Commercial Code and in Articles 12 and 13 of our Articles of Association.

### Corporate Governance Rating:

The corporate governance rating of Pınar Su ve İçecek has been confirmed as 9.53 out of 10 in 2020.

## SENIOR MANAGEMENT

NAME AND LAST NAME	POSITION
HÜSEYİN KARAMEHMETOĞLU	GENERAL MANAGER
ONUR ÖZTÜRK	FINANCIAL AFFAIRS AND FINANCE DIRECTOR

## COMMITTEE RESPONSIBLE FOR AUDITS

NAME AND LAST NAME	POSITION
FEYZİ ONUR KOCA	HEAD OF COMMITTEE
SEZAİ BEKGÖZ	MEMBER

## CORPORATE MANAGEMENT COMMITTEE

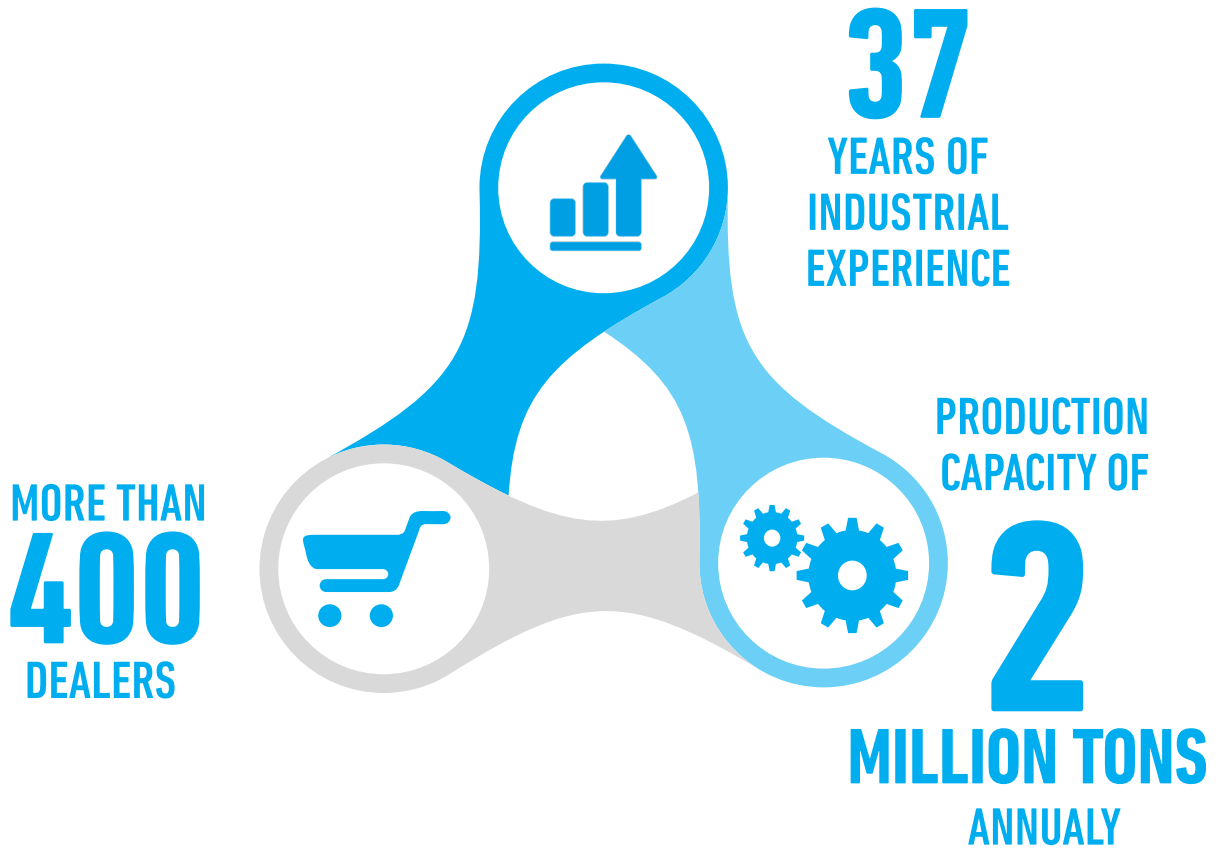
NAME AND LAST NAME	POSITION
FEYZİ ONUR KOCA	HEAD OF COMMITTEE
YILMAZ GÖKOĞLU	MEMBER
CENGİZ EROL	MEMBER
ONUR ÖZTÜRK	MEMBER

## EARLY DETECTION OF RISK COMMITTEE

NAME AND LAST NAME	POSITION
FEYZİ ONUR KOCA	HEAD OF COMMITTEE
YILMAZ GÖKOĞLU	MEMBER
CENGİZ EROL	MEMBER

# Pınar Su ve İçecek at a Glance

Pınar Su ve İçecek maintained its leading position in the sector in 2020.



## Production Facilities



**219.8**  
million TL  
TURNOVER

**104.7**  
million TL  
GROSS PROFIT

**16.7%**  
THE SHARE  
OF EXPORT IN  
SALES

**10.9**

9 billion liters of  
packaged water  
sales volume in  
Turkey (SUDER)

**20**

Export to  
countries



**7.3**

million TL  
Investment  
Expenditure



## 2020 FINANCIAL PERFORMANCE

(Million TL)	01.01.2020-31.12.2020	01.01.2019-31.12.2019
Net Sales	219.8	224.6
Gross Profit	104.7	101.7
Gross Profit Margin	47.6%	45.3%

(Million TL)	31.12.2020	31.12.2019
Shareholder's Equity	83.8	51.7
Assets	425.3	325.3
Total Liabilities/Equity Ratio	4.07	5.29

**375**

Average Number  
of Employees in  
2020

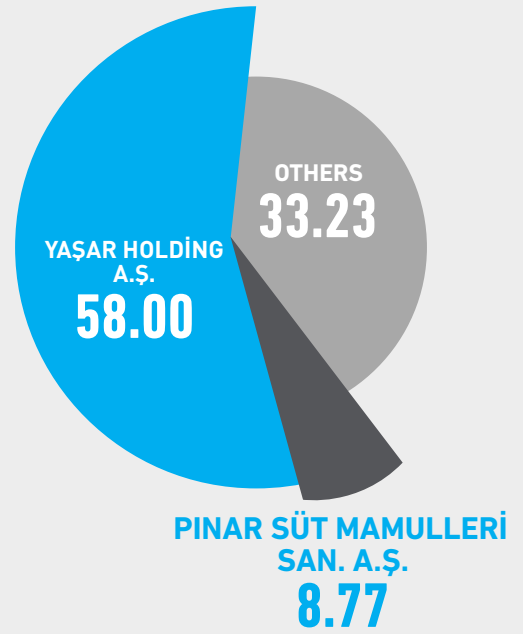




## Company Profile

Pınar Su ve İçecek, which pioneered the sector by producing Turkey's first packaged water 37 years ago, continues its activities with the vision of becoming a "beverage company".

### PINAR SU VE İÇECEK SHAREHOLDING STRUCTURE (%)



Shareholders	Share Percentage (%)	Share Total (TL)
YAŞAR HOLDİNG A.Ş.	58.00	25,961,413.57
PINAR SÜT MAMULLERİ SANAYİİ A.Ş.	8.77	3,927,525.25
OTHERS	33.23	14,873,769.63
<b>Total</b>	<b>100.00</b>	<b>44,762,708.45</b>

The shares of Pınar Su ve İçecek are traded on the Borsa İstanbul Main Market under the symbol "PINSU".

While the entire capital of the company consists of bearer shares, there are no privileges in the Company shares.



Pınar Su ve İçecek, which introduced bottled packaged natural spring water to Turkish consumers with the facility the foundations of which were laid in 1984, heads the sector as a leading company of high standards across all business processes.

Pınar Su ve İçecek, a leading name in the sector, takes its place in the market as a "100% Turkish Capital Company" under the brand of "Pınar Yaşam Pınarım". Continuing its activities with a consumer-oriented, sustainable and innovative approach underpinning the strategic steps taken over the years, Pınar Su ve İçecek exports the waters obtained from Turkey's highest quality sources to 20 countries, as well catering to the domestic market. The company, which stands out in national and international markets, today continues its journey begun 37 years ago, as Turkey's first packaged water seller, with the vision of "becoming a beverage company". In light of this vision, the company amended its trade name to "Pınar Su ve İçecek" in 2019, and aims to further increase its domestic and international market share with new product development efforts.

## HIGH-TECH PRODUCTION FACILITIES

Water, one of the key requirements of a sustainable and healthy life, is offered to consumers bottled in its purest and most natural form untouched, with Pınar quality and assurance. Pınar Su ve İçecek, which uses the world's most advanced technologies at all filling facilities, operates in a fully hygienic environment that is positively pressurized with sterile air, where air entry from outside is blocked, and with its air constantly cleaned. Pınar Su ve İçecek, puts the water through physical, chemical and microbiological tests at every stage of production from resource to filling at its laboratory facilities.

Pınar Su ve İçecek, which closely monitors scientific and technical developments in monitoring, control, analysis and production processes, integrates these processes into its applications, offering its products in accordance with international quality standards with its "Consumers and Customers First" oriented quality management approach.

Pınar Su ve İçecek, working to high international standards in all business processes from production points to logistics activities, operates with a business approach focused on increasing consumer satisfaction and sustainable growth.

Pınar Su ve İçecek stands out as the first Turkish beverage brand to be awarded the International Health and Food Safety Certificate of Conformity (NSF), certifying its work done within the scope of food safety, hygiene and health standards, quality, environment, occupational health and safety, and confirming the importance it attaches to customer satisfaction.

Pınar Su ve İçecek is also an exemplar in the sector for its environmental protection work, preventing pollution, controlling the use of natural resources and eliminating waste.





## Competitive Advantages

Combining its experience and expertise in the sector with the principle of 'unconditional customer satisfaction', Pinar Su ve İçecek ensures the development of the market with breakthroughs and competitive products focused on sustainable growth.

### HIGH BRAND AWARENESS

- A strong and reliable brand perception
- High customer satisfaction
- Among the Superbrands® of Turkey
- 'Most Admired Companies Survey' of 2019 Capital Magazine 2<sup>nd</sup> most admired company in the non-alcoholic beverage category
- 2019 'The ONE Awards Integrated Marketing Awards' among the brands that increase their reputation the most in the non-carbonated beverage category
- The brand that received the Most Innovative Digital Beverage Company award given by 2020 LUX Life Magazine

### GROWING PRODUCT PORTFOLIO

- Production in SKUs in different packages and volumes designed in accordance with consumers' changing needs from healthy and natural water resources
- Plain and flavored mineral water portfolio
- Lemonade with and without sugar
- Sugar-free Pinar Frii product family consisting of Natural spring water and fruit juices
- Pinar New Generation Yaşam Pınarım functional beverage family

### STRONG DISTRIBUTION AND SERVICE NETWORK

- Logistical advantage gained by producing from different sources close to target markets
- The sales and distribution network consisting of dealers across Turkey
- Order line application
- "Online" ordering system
- Providing contactless payment by credit card in mobile order applications in a first for water brands
- Corporate business associations

### QUALITY PRODUCTION

- Spring water of international standards reaching the consumer under natural and hygienic conditions
- Competence to offer products in all packaging options (pet, polycarbonate bottle, glass bottle and glass) shaped by consumer preferences in the beverage category
- 37 years of sectoral knowledge
- Clean Room Technology
- COVID-19 Safe Production Certificate
- Zero Waste Certificate at all facilities





ŞEKERSİZ, VİTAMİNLİ

# KEYİFLİ

ANLARIN İÇECEĞİ



PINAR FRIİ

ŞEKERSİZ



## Pınar Su ve İçecek Products

### BOTTLED WATER

0,20L Cup
0,33L PET bottle
0,33L Minions
0,5L PET bottle
0,75L Sports bottle
1L PET bottle
1,5L PET bottle
5L PET bottle
10L PET bottle
0,33L Glass bottle
0,75L Glass bottle
15L Glass HOD bottle
19L PC HOD bottle

### PINAR DENGİ SPARKLING NATURAL MINERAL WATER

0.20L Sparkling Natural Mineral Water – Plain
0.20L Sparkling Natural Mineral Water – Apple flavored
0.20L Sparkling Natural Mineral Water – Lemon flavored
0.20L Sparkling Natural Mineral Water – Watermelon & Strawberry flavored

### PINAR FRİİ

0.25L PINAR FRİİ Sparkling Lime Juice Drink – Sugar Free
0.25L PINAR FRİİ Sparkling Mandarin Juice Drink – Sugar Free

0.25L PINAR FRİİ Sparkling Lime Red Grape Drink – Sugar Free
0.25L PINAR FRİİ Sparkling Lime Pomegranate Drink – Sugar Free
0.25L PINAR FRİİ Sparkling Lime Melon Drink – Sugar Free
0.25L PINAR FRİİ Sparkling Watermelon Juice Drink
0.25L PINAR FRİİ Sparkling Strawberry Juice Drink
0.25L PINAR FRİİ Sparkling Lime Juice Drink
0.25L PINAR FRİİ Sparkling Mandarine Juice Drink
0.25L PINAR FRİİ Sparkling Lime Red Grape Drink
0.25L PINAR FRİİ Sparkling Lime Pomegranate Drink
0.25L PINAR FRİİ Sparkling Lime Melon Drink

### PINAR LEMONADE

1L Lemonade with Vitamin C
1L Lemonade with Vitamin C Sugar-Free
0.33L Lemonade with Vitamin C
0.33L Lemonade with Vitamin C Sugar-Free
0.30L Lemonade

### PINAR NEW GENERATION YAŞAM PINARIM FUNCTIONAL BEVERAGE FAMILY

0.25L Pinar Beauty
0.25L Pinar Immune
0.25L Pinar Refresh
0.25L Pinar Digest

### PINAR ICE TEA

0.25L PINAR Ice Tea – Peach flavored
0.25L PINAR Ice Tea – Mint & Lemon flavored

## Pınar Su ve İçecek Products

Pınar Su ve İçecek continues to offer its consumers different product groups ranging from packaged water to lemonade, and from mineral water to fruit-flavored fizzy drink, with its works carried out to high national and international standards.

### Health from Top Quality Sources

#### Pınar Uludağ

Sulphate 3.8 mg/L
Sodium 4.1 mg/L
Chloride 1.1 mg/L
pH 7.2
Conductivity 72.9 µS/cm

#### Pınar Madran

Sulphate 7.8 mg/L
Sodium 6.3 mg/L
Chloride 3.7 mg/L
pH 7.5
Conductivity 58.1 µS/cm

#### Pınar Gökçeada

Sulphate 7.7 mg/L
Sodium 5.6 mg/L
Chloride 1.1 mg/L
pH 8.2
Conductivity 130.3 µS/cm

#### Pınar Akçaağaç

Sulphate 2.2 mg/L
Sodium 1.5 mg/L
Chloride 2.0 mg/L
pH 8.01
Conductivity 218 µS/cm





## Yeni nesil yaşam pınarım ile, YAŞAMINA DEĞER KAT



## Innovations that Follow Trends

Pinar Su ve İçecek, which delivers consumers hygienic, healthy and reliable products thanks to its professional strengths, continued to develop products and services in 2020.

Considering 100% consumer satisfaction in all business processes from production, packaging, and quality control, to shipment and ordering, Pinar Su ve İçecek continued its innovative approach with a focus on health and hygiene in 2020, as the COVID-19 epidemic impacted the entire world. It has become the Company's priority to keep contamination away from its sources, to maintain production, product, employee and consumer safety by preventing any cross contamination, to maintain uninterrupted supply and production process conditions, and to ensure safe and healthy product supply.

### Hygiene at Every Stage from Production to Shipment

Pinar Su ve İçecek, which produces water from water sources that are remote from settlements and protected from human contamination, selects materials used in the production process upon their evaluation and approval for compliance. The company, which developed additional hygiene measures in all business processes from production to shipment in response to the pandemic, met all the necessary criteria and received the "COVID-19 Safe Production Certificate" for its production facilities and products.

### New Products Focused on Healthy Life

Taking into account the increasing consumer interest in products that strengthen the body's immune system during the pandemic process, and that contain ingredients such as vitamin C, B vitamins, zinc and fiber that support the healthy functioning of the body, Pinar Su ve İçecek has developed products that meet the expectations and needs of its consumers. By adding extra vitamin C to its lemonade products in addition to the New Generation Yaşam Pınarım Beverage Family, the Company has increased the number of products in its portfolio that reflect the healthy lifestyle trend.

Making a difference in the beverage industry with new fields entered, the Company relaunched the Pinar Fii product group in the sparkling fruit juice beverage segment, where it had previously taken steps in light of consumer research. Considering the growing health trend, Pinar Su ve İçecek changed product flavors to sugar-free and used fruit visuals to highlight the flavor element in label designs.

The pandemic process created different service expectations as well as leading to new products. And as contactless delivery became more preferred by consumers, Pinar Su ve İçecek, which offers the first credit card payment option in Turkey among water brands, has distributed products through contactless delivery. In this period, Pinar Milk product varieties started to be sold on the Pinar Water Order Application to support consumers, and more comprehensive and long-term cooperation was developed towards greater consumer satisfaction.







## The Place of Pinar Su ve İçecek in the Sector

The size of the packaged water market was realized as 10.9 billion liters of tonnage in 2020, where Pinar Su ve İçecek ranked among the top 5 companies in the Turkish market in turnover.

With the rise of healthy living and good nutrition trends, consumer demand for functional and flavored beverages has increased in 2020. The growth trend of sugar-free products not only in the Turkish market, but also in global beverage markets has accelerated further with the knock-on effect of the pandemic.

The packaged water market size was 10.9 billion liters of tonnage with a 6% reduction year-on-year in 2020 (SUDER, 2020 estimate). Pinar Su ve İçecek ranked among the top 5 companies in the packaged water market in terms of turnover (Nielsen Retail Panel, 2020).

Mineral Water market growth was 16% in tonnage terms in 2020. The Functional Beverage category grew 168% in tonnage (Nielsen Retail Panel, 2020).

The sparkling category, on the other hand, reached a 5% growth rate in tonnage (Nielsen Retail Panel, 2020).



### Leading Company of the Sector

Pınar Su ve İçecek connects its consumers with healthy living by offering products obtained from facilities that operate in accordance with hygiene rules. At its modern facilities in Bursa-Uludağ, Aydın-Bozdoğan, Isparta-Eğirdir, and Sakarya-Hendek, it bottles the water obtained from sources remote from settlements, and whose flow rate and chemical properties do not change due to rainfall or drought during the year, without disturbing the natural structure of the source or changing mineral balances. The Company, which pays attention to the use of packaging that does not harm human health, maintains its pioneering position in the sector with its rich varieties in the beverage product group, as well as in the packaged water sector.

### PINAR SU VE İÇECEK FILLING FACILITIES

#### ULUDAĞ

The Uludağ facility, the latest investment of Pınar Su ve İçecek, commenced operations in 2015. Natural spring water with a pH of 7.2 obtained from a spring located at the foot of forested mountains at an altitude of 1,600 meters on the borders of Bursa-Inegöl, far from residential areas, is among Turkey's highest quality sources in terms of quality and taste. The Uludağ facility, which has modern production lines meeting Industry 4.0 standards, has significant advantages in energy and production efficiency.

#### MADRAN

Located at an altitude of about 1,000 meters from residential areas in Aydın-Bozdoğan, the Pınar Su ve İçecek Madran source is demonstrably one of the highest quality sources in Turkey with a pH of 7.5. In addition to filling spring water at the facility, sparkling and non-sparkling beverages have been produced since 2018.

#### GÖKÇEAĞAÇ

Gökçe ağaç Spring, in Sakarya-Hendek, is located in a geography of untouched greenery. With its 8.2 pH value and ideal mineral content, it offers quality and healthy water to consumers.

#### AKÇAĞAÇ

Maple Spring is located in Isparta-Eğirdir in a natural environment completely removed from the city center.





**219.8**  
**million TL**  
NET SALES  
REVENUE

TOTAL EXPORTS  
OF USD  
**7**  
**million**

## Activities of 2020

In 2020, the total sales tonnage of Pınar Su ve İçecek was 379 thousand tons.

Standing out as a company with 100% Turkish capital among the large companies selling at national level, Pınar Su ve İçecek ranked among the top 5 companies in terms of turnover in 2020 in a market dominated by local players. With net sales of 219.8 million TL in 2020, Pınar Su ve İçecek's total sales tonnage was 379 thousand tons. While the company registered a gross profit of 104.7 million TL in 2020, investment made during the year was at 7.3 million TL.

In 2020, incentives were used within the framework of the Turquality project, which was implemented in order to brand Turkish products abroad and establish their image.

With the new product launches of Pınar Su ve İçecek in 2020, the mineral water, lemonade, sparkling fruit juice drink and functional beverage products in the beverage portfolio continue to be appreciated by the consumers.





million with its 63 thousand tons of exports to 20 countries in 2020. The company, which accounted for 16.7% of total sales to foreign markets, also recorded 9% tonnage growth in terms of exports. The share of total exports in turnover increased to 21.9%.

In 2020, Pinar Su exports predominantly to European countries such as England, Germany, Belgium, Czechia, Ireland, Romania, Greece, Malta, Kosovo and Switzerland, it continued to sell in TRNC, Azerbaijan, Iraq, Kuwait, UAE, Bahrain, Singapore, Jordan, Ukraine and Trinidad Tobago markets.

In the export figures of Pinar Su ve İçecek in 2020, the UK, Germany and surrounding European countries claimed a combined 83.4% share. The strengthening beverage product segment of the Company, which adds Pinar Functional and Pinar Ice Tea products to its export product portfolio in 2020, recorded 10% growth in 2020 compared to the previous year.

## EXPORT WORKS

Pinar Su ve İçecek directs export efforts by closely monitoring global developments in foreign markets and determining customer needs. As an active player in international markets, the company has a wide geographical presence and accounts for 17.8% of Turkey's total water exports. Pinar Su ve İçecek, which is one of the leading companies among the water brands exported from Turkey, achieved revenue of us USD 7



**16.7%**

TONNAGE SHARE OF  
EXPORTS IN  
SALES

**9%**

TONNAGE GROWTH  
IN EXPORTS





## Customers and Consumers of Pınar Su ve İçecek

Pınar Su ve İçecek has developed different solutions that meet the expectations and needs of consumers in 2020 as awareness of the importance of a healthy life increased.



Pınar Su ve İçecek, which prioritizes the values of trust, hygiene, naturality and family bond in its products and services, continued to work with the aim of offering the best to its consumers in 2020. With the COVID-19 epidemic, which impacted the entire world throughout the year, the concepts of hygiene and healthy living became even more important, while Pınar Su ve İçecek quickly adapted to the changing process by taking the necessary actions at every consumer touch point, from all business processes through to products and services.

Developing a product portfolio in line with changing consumer expectations and needs in light of the healthy lifestyle trend, Pınar Su ve İçecek reached its consumers with 13 products in the water category, 4 in the mineral water category, 4 in the lemonade category, 5 in the carbonated fruit beverage category, and 4 in the functional beverage category. Besides its effective and competitive marketing strategy, the company prioritized communication efforts throughout the year to achieve its goals.

According to different usage needs, Pınar Su ve İçecek, which offers 19L polycarbonate carboy and 15L glass carboy solutions for domestic consumption, also offers different volumes of glass and plastic packaged products for the Out-of-Home Consumption channel.

Pınar Functional Beverages, which is a leading brand in the Functional Beverage market, became the leading brand in turnover terms with a 39% share according to Nielsen in 2020. In addition to the new products launched in 2020, Pınar Su ve İçecek continued to strengthen its position in the market through its communication activities. The key reference

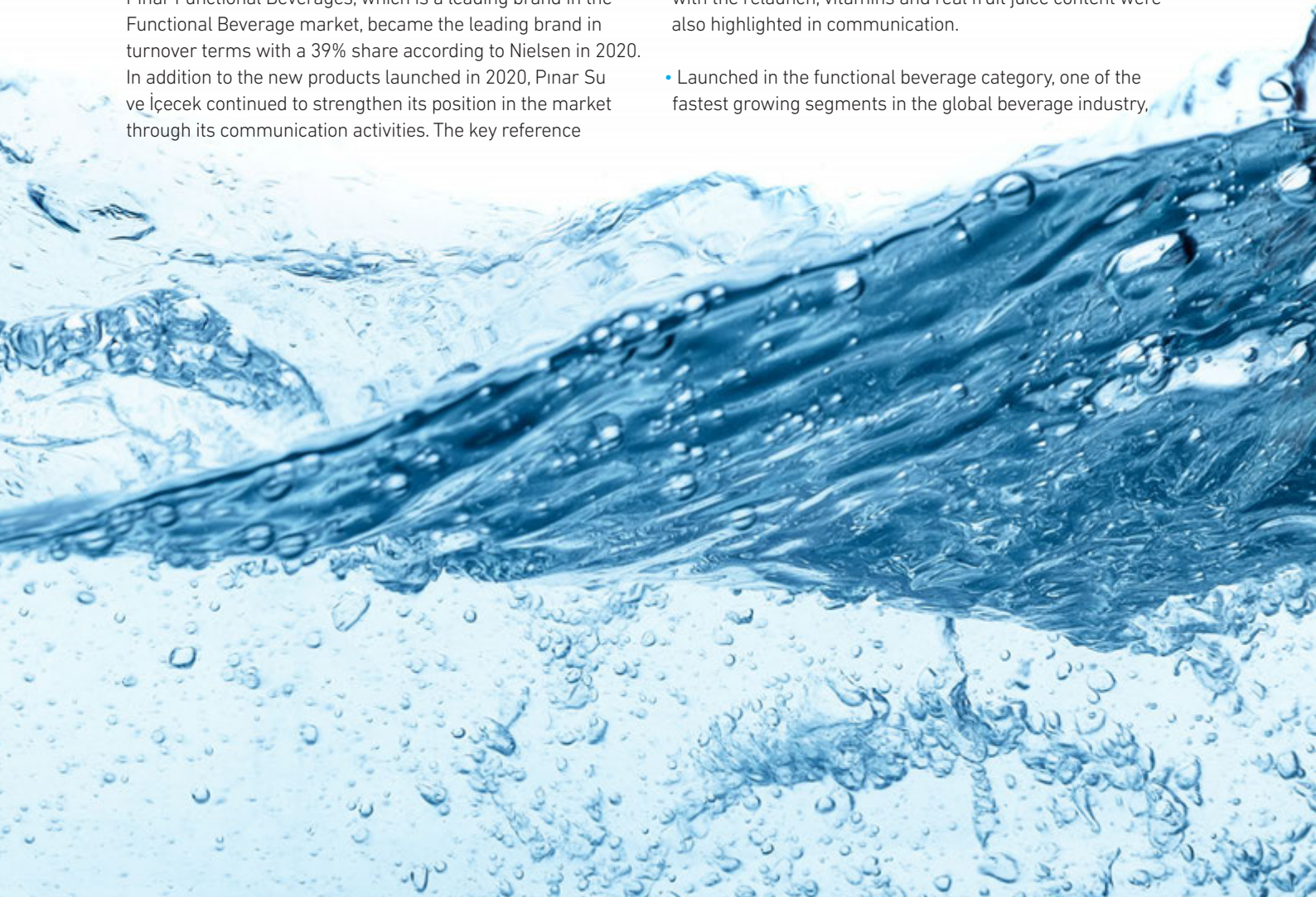
of Pınar Su ve İçecek, emphasizing values such as “trust, naturalness, family bond” in its sales communication activities, is the strength and respected image of the “Pınar” brand in the food and beverage sector.

The Company, which communicates the values associated with the brand and the qualities of healthy, delicious and innovative products, continues its marketing investments in line with the strategies determined, while strengthening its sales and distribution network.

Strengthening its competitive position in the sector with its effective sales and distribution network, Pınar Su ve İçecek also improves its market position with the introduction of new products and services. In this context, adding new updates and features to mobile applications for its sales and distribution network in 2020, the Company continued to strengthen its position in the market with new products and services. Pınar Su and İçecek carried out different studies in the year.

## HEALTH AND HYGIENE ORIENTED PROMOTION

- Pınar Frii, which features is in the sparkling beverage category, one of the biggest segments of the beverage industry, was revised as sugar-free to reflect the rising trend of healthy living as shown in the results of consumer research. Along with the relaunch, vitamins and real fruit juice content were also highlighted in communication.
- Launched in the functional beverage category, one of the fastest growing segments in the global beverage industry,





the Pinar New Generation “My Life Spring” product family has become the leader in turnover with a 39% market share in sales and marketing activities (Nielsen Retail Panel, 2020). Brand awareness was increased with digital media investments, advertising sharing on social media, and influencer collaborations.

- The technical improvements made in the Pinar Su Mobile Order Application, which stands out as an e-commerce channel in the sector in terms of credit card payment and contactless delivery, continued in 2020 amid the impact of the pandemic process. In order to ensure that the application is used by more consumers, collaborations were made with different brands, and various loyalty campaigns were carried out throughout the year.
- The Pinar Lemonade product portfolio, to which extra vitamin C was added in line with consumer trends, was supported by advertising investments in television, digital and radio channels, while the number of sales points was increased and growth was achieved.
- As the Out-of-Home Consumption channel was negatively affected during the pandemic period, special product studies were carried out for summer destinations such as Bodrum to support sector players. With 0.33 and 0.75 L glass bottles designed, a sales increase was targeted in the region.
- Thanks to competitions and advertisements on social media, interaction between the brand and the consumer was increased. Content shares and campaigns were organized in accordance with changing consumer habits arising from the pandemic.

#### Fairs Participated

- Dubai Gulfood Fair / February 16-20, 2020
- Food Products Virtual Sectoral Trade Delegation (UAE)/ July 7-9, 2020
- The Fource Source of Nature 2020 Virtual Food Fair / November 23-27, 2020

#### ORDER CHANNELS OF PINAR SU VE İÇECEK

In 2020, we continued to provide fast and effective service via mobile application, call center, dealer network and the website. The number of orders received from digital channels as a result of regular communication efforts and loyalty campaigns conducted over the mobile application realized at three times that of 2019.



By easily adapting to the demands of the pandemic period, switched switch was made to the remote working model at the **444 99 00** call center, and customer representatives continued to serve from home. By monitoring service quality, call response rates and durations during the period of service from home it was observed that performance was maintained at the same level. Due to its proven greater efficiency, a permanent remote working system has been adopted.

#### PINAR COMMUNICATION CENTER

Pinar Communication Center (PIM), which can be reached from by phone on **444 76 27** from all over Turkey without dialing the area code, continued its work in 2020 in light of the principle of “Our Consumers and Customers First”. Calls with complaints, suggestions, information, criticism and thanks (praise) that are generated as a result of products and services related to products and transmitted to the Pinar Communication Center are answered by the PIM operator between the working hours of 07.00 – 23.00. Requests and suggestions received by Pinar Communication Center are meticulously examined and taken into account within the Company.

Any feedback received is recorded and answered within the scope of KVKK. Those notifications that require evaluation in order to be answered are rapidly forwarded to the relevant units, and the entire complaint notification management process is followed meticulously from receipt of notification to its termination.

According to the data of 2020, the successful call response rate in PIM was 93.23%, while the rate of calls answered in the first 15 seconds was 87.76%. The customer satisfaction rate on this channel was 92.97%. The Pinar Communication Center can also be reached at the addresses [twitter.com/InfoPinar](https://twitter.com/InfoPinar) and [facebook.com/PinariletisimMerkezi](https://facebook.com/PinariletisimMerkezi). With its official Twitter and Facebook accounts, PIM examines and resolves requests and suggestions coming from social media and provides the fastest response to consumers.



### “Barrier-Free Communication Line” from Pinar Communication Center”

Pinar, the pioneer of firsts in Turkey, has opened a special “Barrier-Free Communication Line” for visually impaired individuals via PIM with a new application implemented. With the application realized to facilitate the lives of over 1 million visually impaired people in Turkey PIM began to serve them, 7 days a week from 07.00 - 23.00. Consumers can connect to the operator by phone on 444 76 27 at the Pinar Communication Center, as well as the call service number reported to the Associations of the Visually Impaired in Turkey. In addition to voice support, visually impaired people can receive video support by showing products to the operator, get the details of product content and the product range, and get instant answers to questions they may have in mind such as expiry date.

### A WIDESPREAD DEALER NETWORK THAT IS ‘ALWAYS ACCESSIBLE’

Pinar Su ve İçecek offers high quality and dynamic service to its customers with its technological dealer infrastructure. The company, which works with the principle of being ‘always accessible’ with over 400 plastic bottle and carboy dealers, the compliance of which to legal standards it constantly monitors, instantly meets criteria central to ensuring service quality. Paying special attention to delivery time and stock management, Pinar Su ve İçecek ensures customer satisfaction with its strong Call Center operation.

Aiming to improve its service quality with innovative applications through its technology and digitalization investments, Pinar Su ve İçecek delivers its entire product range to the door of its customers through its mobile order application, Call Center, website and extensive dealer network.

Pinar Su dealers continued to deliver orders 7 days a week in order to prevent consumers in order not to be a victim from suffering during the curfews imposed due to the pandemic in 2020. In order for all consumers to benefit from the contactless delivery feature, the number of dealers offering mobile payments has been increased.

### Perfect Customer Experience

Adaptation to the digitalization process has increased the system usage rates of dealers. The ‘Perfect Customer Experience Project’ was implemented in order to increase the service quality of dealers and to reduce the incidence of consumer complaints.

The Pinar Su ve İçecek Quality Department continued to audit and score the dealer network in 2020 in terms of certification, legal obligations, storage conditions and shipping standards. As a result of the inspections, necessary improvements, information and trainings were shared with the dealers.





**7.3 million TL**  
INVESTMENTS IN  
2020

## 2020 Investments

Pınar Su ve İçecek, which directs its investments with the principle of sustainable growth, has made investments in technology and innovative product-service oriented studies in 2020.

Registered with certificates of conformity to national and international standards, Pınar Su ve İçecek continues to grow with different product, service and technology investments by combining its pioneering role in the sector with its innovative nature. The company also contributes to the development of the market with sustainable growth-oriented breakthroughs and competitive products.

Pınar Su ve İçecek, which continuously improves its infrastructure in order to offer consumers innovative and reliable products, has increased its ability to produce sparkling and non-sparkling fruit drinks together with the production of packaged natural spring water by leveraging the high technology uptake achieved as a result of its investments. The company, which makes investments in accordance with developing technology and regulatory conditions, made an investment expenditure of 7.3 million TL in 2020 in this context.

At the Uludağ facility designed in accordance with the requirements of the industry 4.0 management system, Pınar Su ve İçecek, produces in the packaged water sector with the highest capacity and most technological structure in Turkey at its production and filling lines. Two separate facilities established on an area of 123,000 m2 are managed by the production campus model. At one of the facilities, the filling of carboy products in recyclable bottles, and at the other, the production and filling of plastic packaged products are realized. With the investment made at the beginning of 2020 at the Uludağ facility, where 0.20 L glass production was added to plastic packaged products, investment plans continued as part of continuous improvement projects.

In 2020, the production capacity of the Hendek facility was increased with the newly-established line for 0.75 L sports water and 0.33 L Minions children's water. At the Madran facility in Aydın Bozdoğan, the product range was further expanded with sugar-free sparkling drinks.





## High Quality

Considering quality to be a constant part of all business strategies, Pınar Su ve İçecek continued related works throughout the year as the first TSE-certified packaged water brand in Turkey.

Pınar Su ve İçecek, capable of responding to the needs of the society, adopts a science-based quality management approach focusing on "Our Consumers and Customers First", offering its products in accordance with international quality standards. The company closely follows scientific and technical developments in monitoring, control and analytical processes and integrates them into its applications.

Setting out from the principle of "continuous improvement" in the fields of quality, food safety, customer satisfaction, energy and environmental management, Pınar Su ve İçecek documents its activities according to national and international standards. Pınar Su ve İçecek, Turkey's first TSE certified packaged water brand, delivers its safe, high-quality and healthy products to its consumers.

### COVID-19 Safe Production Certificate

Pınar Su ve İçecek plants were awarded the "COVID-19 Safe Production Certificate" by fulfilling the criteria in the guide prepared by the Turkish Standards Institute (TSE) in 2020. Under the leadership of the T.R. Ministry of Industry and Technology, the audits were successfully completed as a result of inspections carried out by TSE at the Pınar Su ve İçecek Sakarya Gökçeadaç - Aydın Madran - Bursa Uludağ facilities. Complying with the requirements of the Hygiene, Infection Prevention and Control Certification Program at all its plants, Pınar received the "COVID-19 Safe Production Certificate".

### Carbon Neutral Certificate

Pınar Su ve İçecek using certified carbon credits from the Swiss-based Gold Standard (GS), has achieved carbon equalization in its products. Direct and indirect carbon emissions resulting from the production process of exported packaged water and beverage products, as well as the products in the national market, and the transportation of those products by land and sea were calculated. Projects carried out with the aim of reducing carbon emissions and shrinking the carbon footprint were evaluated. Carbon-neutral products with equalized carbon emissions were offered to the national and international markets.

### SUPPLIER RELATIONS

Pınar Su ve İçecek, which establishes close relationships with the organizations with which it cooperates while conducting its production activities, and which adopts the principle of ensuring development and sustainability through its audits, prioritizes the compliance of its suppliers with quality criteria.

For Pınar Su ve İçecek, which primarily considers compliance with standards such as quality, food safety, environmental and occupational health and safety in the selection of suppliers, compliance with Yaşar Group corporate values, public health and responsibility towards nature also play an important role in cooperation.

The company conducts audits of its suppliers with the specified frequency according to critical evaluations such as the effectiveness of the management systems they implement, audit scores, and performance monitored throughout the year. The compliance of suppliers whose audits are carried out on-site by the relevant units in terms of quality, food safety, occupational health and safety, and environmental systems are measured. Pınar Su ve İçecek, which ensures that its suppliers realize their work and production in accordance with the determined criteria thanks to the audits it performs, also takes these principles into consideration while increasing the number of active suppliers.



## Productivity Works

Pinar Su ve İçecek, which is working to increase efficiency, while achieving operational excellence and increased customer satisfaction in all business processes continued efficiency-oriented improvements in 2020.

Efficient use of energy, the operation of production lines at high capacity, as well as the reduction of waste and loss rate in the use of raw materials and packaging materials are the basic efficiency principles of Pinar Su ve İçecek.

Pinar Su and İçecek aims to reduce the cost of industrial energy use through efforts to increase line efficiencies, periodic and predictive maintenance activities, production planning efficiency and changes in energy supply. The company realizes sustainable improvements that will reduce the total industrial energy use with efficiency projects carried out in business processes.

Pinar Su ve İçecek, which has pursued its packaging gram optimization efforts since 2011, is also reducing the packaging weight of plastic bottles as a result of technological investments and R&D efforts. In this context, the decrease in packaging weights reached 26% in the 0.5L product group, 23% in the 0.33L product group and 18% in the 1.5L product group. With the weight optimization studies carried out on product packages, a reduction of between 25% and 30% was achieved in the use of shrink and stretch in certain product groups.

Within the scope of the studies that continued throughout the year, by making product and tonnage optimization in the production lines of the Madran facility, losses decreased and the efficient operation of the lines was ensured.

### With the projects realized, in 2020;

- The amount of electrical energy consumed in the production of recycled products at the Bursa Uludağ Facility was reduced by 4.1% per unit production.
- The amount of LNG used in the relevant process stage; the Aydın Madran Facility decreased beverage production usage by 23% per unit production and the Bursa Uludağ Facility decreased it by 3.2% per unit production for recycled products.
- The amount of wastewater from production processes was reduced by 14% per unit production at the Aydın Madran Facility and by 2% per unit production at the Sakarya Gökçeada Facility.

Pinar Su and İçecek aims to continue investments that will positively affect productivity with automation projects that will strengthen the Industry 4.0 infrastructure in 2021.









Considering its employees to be the main pillar of growth and development, Pınar Su ve İçecek actively uses modern human resources practices accepted internationally. The company, which constantly supports the development of its employees with these practices, ensures the realization of quality production with qualified human resources.

Working with a qualified, creative, innovative, motivated and high performance workforce, Pınar Su ve İçecek has continued its activities with its innovative and globally acknowledged practices in the fields of orientation and adaptation, training and development, talent management, and corporate culture with its competent and loyal employees who realize their potential and create value.

Pınar Su ve İçecek follows a management policy that works with all units with a strategic business partner approach, and that constantly analyzes company and employee needs, creates value and ensures rapid adaptation to changing conditions.

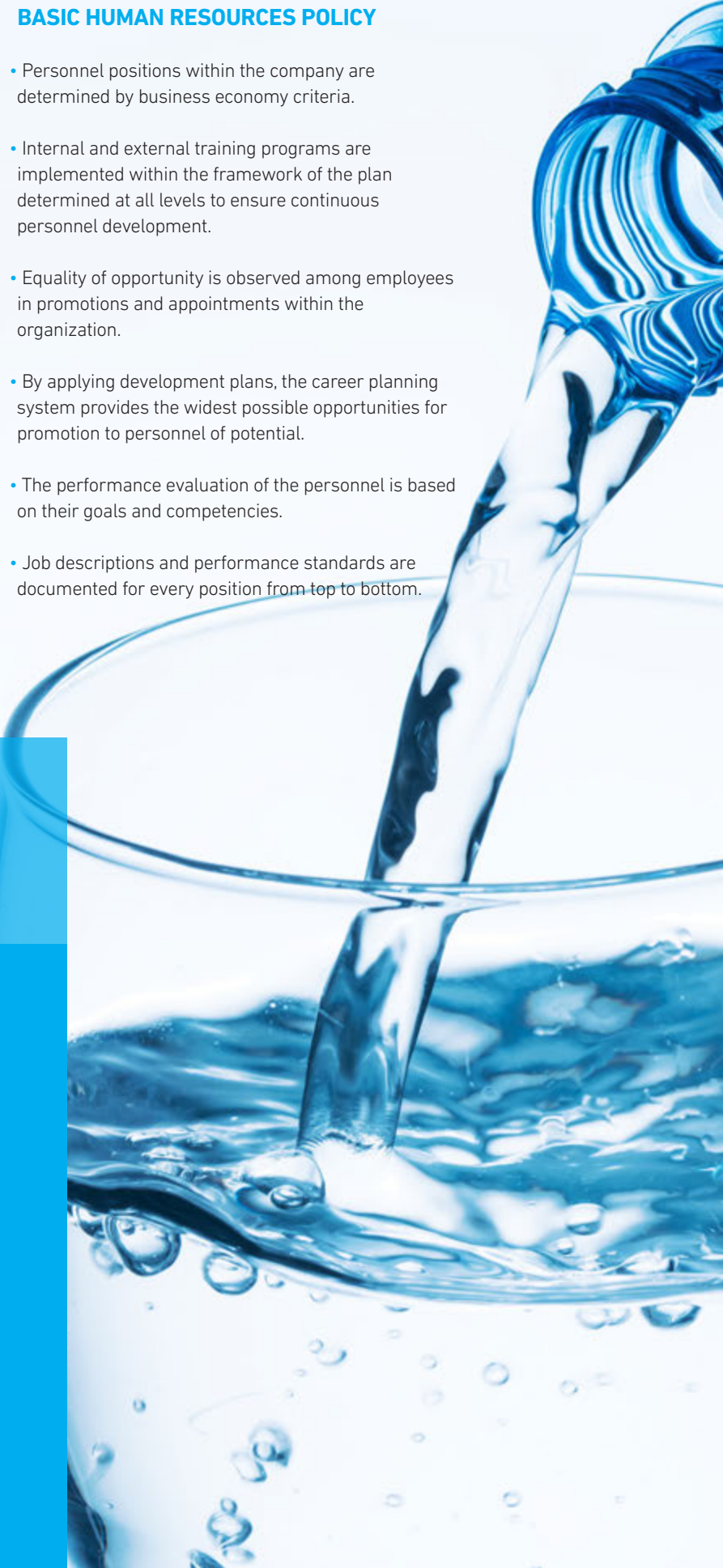
With an average number of 375 employees in 2020, the Company continued to actively use modern human resources practices.

## BASIC HUMAN RESOURCES POLICY

- Personnel positions within the company are determined by business economy criteria.
- Internal and external training programs are implemented within the framework of the plan determined at all levels to ensure continuous personnel development.
- Equality of opportunity is observed among employees in promotions and appointments within the organization.
- By applying development plans, the career planning system provides the widest possible opportunities for promotion to personnel of potential.
- The performance evaluation of the personnel is based on their goals and competencies.
- Job descriptions and performance standards are documented for every position from top to bottom.

## Pınar Su ve İçecek Family

The human resources policy of Pınar Su ve İçecek is based on modern human resources practices with an understanding of 'the right person for the right job'.



375

AVERAGE NUMBER  
OF EMPLOYEES IN  
2020

- The framework of the Occupational Health and Safety Regulation the Company fulfills legal measures to prevent occupational safety risks and protect employee health, and manages its activities with a risk-based preventive approach.
- The management style of the Company is determined as "to maintain our existence as a Company that acts in accordance with the laws and ethical rules, and that adopts the total quality philosophy and participatory management style".
- The company works with the principle of equal rights of its employees without discrimination on the basis of language, race, color, gender, political and philosophical opinion, religion, sect and similar factors, and all necessary measures are taken to protect this fundamental constitutional right.

### Works in Human Resources Processes

- Awareness and information activities were carried out for administrative units and facilities during the COVID-19 pandemic. In this context, the instructions of the health and safety authorities were followed to protect the health of employees, and the necessary measures were quickly implemented:
  - Awareness and information trainings were given to all employees in administrative units and facilities.
  - Personal hygiene materials such as masks, hand disinfectants, and surface disinfectants were continuously supplied to employees throughout the year.
  - The number of healthcare personnel serving within the company was increased

and regulations were made to provide 7/24 service. The health processes of employees were followed closely.

- Additional hygiene measures were taken to ensure the use of working environments and social areas in accordance with physical distance rules, necessary arrangements were made, awareness training and follow-up and effectiveness of practices were ensured.
- COVID-19 notifications were made regularly on digital platforms.

- By collaborating with universities, students were offered long-term internship opportunities so that they could experience business life.

- Joint projects were initiated with Yaşar University to develop University - Industry cooperation.

- Communication continued actively on the Pınar Su ve İçecek LinkedIn official page. Advertisements regarding up-to-date information and activities, as well as required positions, were published.

- Trainings such as occupational health and safety, food safety, environmental and energy management system and sales training for sales teams were provided.

- In order for the children of employees working in Pınar Su and İçecek to have the right to receive education in better conditions, and to provide equal opportunities in education, discount agreements were arranged with private schools and it was ensured that employees benefitted from these discounts.



**Resources are  
used efficiently  
with a responsible  
production  
approach.**

**Certain projects  
have been carried out  
to reduce packaging  
waste.**

## Sustainability Approach

Pınar Su ve İçecek aims to leave a healthier and more sustainable physical and social environment to future generations.

Yaşar Group's sustainability strategy aims to take care of all stakeholders and provide them with a better life. In light of this purpose, Pınar Su ve İçecek carries out its sustainable development goals in line with the business targets determined with a science-based, quality-oriented business approach that meets social needs.

Within the scope of the strategy of taking good care of society, it is aimed to provide products and services reliably, and to protect and foster an awareness of corporate citizenship. With the quality management approach focused on "Our Consumers and Customers First", products and services are offered for consumption in accordance with international quality standards.

It is aimed to contribute to a sustainable future by selecting suppliers and business partners, which are among the most important parts of the value chain, within the framework of Environmental Responsibility, Commercial Integrity, Fair Working Standards, Human Rights and Compliance with Laws within the scope of Pınar Supplier Principles.

Pınar Su ve İçecek implements parallel works step by step with Yaşar holding having set out by signing the United Nations Global Compact (BMKİS) in 2007. Reporting on its work within the framework of the sustainability approach since 2009, the Group has been publishing Progress Notification in 2009 and 2010 and Sustainability Reports since 2011. Lastly, all Sustainability and KİS Reports of Yaşar Group, which published its 2019 Sustainability Report, can be accessed from the



Sustainability section of Yaşar Holding's website ([www.yasar.com.tr](http://www.yasar.com.tr)).

Pınar Su ve İçecek has continued to work within the compliance of Corporate Governance Communiqué and Corporate Governance Principles in its final version with the addition on October 2, 2020 of the basic sustainability principles expected to be declared while open partnerships conduct the Environmental, Social, Corporate Governance (ESG), to the Corporate Governance Communiqué No II-17.1 of the Capital Markets Board.

## SUSTAINABLE ENVIRONMENTAL APPROACH

The issues of "combating climate change" and "protection of water", which are considered to be the problems of today, rather than tomorrow, are a priority in the sustainability works of Pınar Su and İçecek. The company continues its activities with the awareness of its responsibility for the effective use and protection of Water Resources, a limited natural resource.

The company works with an expert team to protect, control and use the water resources in the most efficient way in terms of quantity and quality within the framework of a general plan. In line with its effective water resource management strategy, it applies continuous monitoring and control procedures, as well as a multi-resource strategy for the protection of natural water resources. Considering the flow rate variability data of water resources in production planning, the Company preserves the sustainable structure of natural water resources.

## A Culture without Compromise

Prioritizing the principles of "economic efficiency", "fair sharing of water and social equality", "environmental health and ecosystem continuity" in every new investment it realizes and plans to make, Pınar Su ve İçecek will continue its activities within the framework of the sustainability culture that Yaşar Group has maintained without compromise since its establishment.

## Reducing Environmental Risks

Over the past nine years, Pınar Su ve İçecek, which has regularly reduced the plastic content of packaging and cap materials used in the production of plastic bottles, has reduced the amount of environmental waste and improved environmentally-friendly production conditions. However, energy efficiency was also improved by consuming less energy in the blowing process of bottles that are of a low weight. As a result of all these efforts, the carbon footprint of the Pınar Su and İçecek production facilities has been reduced.

Products that meet the customer under the "Pınar My Life Spring" (Pınar Yaşam Pınarım) brand feature the environmental icon and wording indicative of the decreased amount of plastic bottle packaging material used in production over the past 2.5 years. Through social media communication, the Company aims to increase environmental awareness by informing consumers on this issue. Efforts to integrate innovative approaches that will reduce the amount of waste and reduce costs, into all of the Company's production processes are ongoing. Thanks to the advanced technological infrastructure at its Uludağ facility, Pınar Su ve İçecek contributes to the goal of reducing its water footprint by ensuring the efficient and effective use of process water.

## MANAGEMENT OF PACKAGING WASTE

Pınar Su ve İçecek, which uses packaging materials that will produce the least waste and cause the least harm to the environment for the products it offers to consumers, prioritizes reusable and recyclable product packaging.

As well as the ongoing projects in the operations of Pınar Su ve İçecek, the Company continues its cooperation with the Environmental Protection and Packaging Waste Utilization Foundation (ÇEVKO), of which it is a founding partner, and supports the awareness-raising activities for consumers regarding the collecting, recycling and of regaining packaging waste separately at the source.

## The Target of Carbon Neutral Products

Pınar Su ve İçecek, attaching great importance to improvement studies aimed at reducing carbon emissions, continues its related projects.

- In order to reduce and prevent greenhouse gas emissions from industrial processes and domestic energy consumption, Pınar Su ve İçecek continued its energy efficiency, energy saving and operational improvement efforts throughout the year. In 2020, carbon emission intensity was reduced by 33% compared to 2010, the base year.
- Pınar Su ve İçecek, which performs carbon equalization in its products in order to take responsibility globally, took great pride in producing the first carbon neutral certified products in Turkey. In the carbon emission offsetting process, carbon emissions calculated as a result of the transportation of its products by land and sea were also taken into account, as well as the industrial and domestic energy consumption arising from the production process. The carbon credit used in the carbon emission offset process was obtained from a wind turbine project holding Gold Standard Certification that produces energy from a renewable energy source.





## Corporate Social Responsibility

Yaşar Group, which has been carrying out social responsibility projects for many years that have now become a tradition under the “Pinar” brand, continues to produce value for society.

### PINAR CHILDREN'S THEATER

Pinar Children's Theatre, which has reached more than three million children free of charge throughout Turkey in the 33 years since its establishment, aims to contribute to the cultural and personal development of children through every play staged. Pinar Children's Theatre also serves as an effective school introducing many celebrated actors to the art of theatre.

Pinar Children's Theater reached 3,483 little theater audiences by performing its new play “Game Machine” in various schools in Izmir in January during the 2019-2020 academic year. The play, which was suspended as of March due to the pandemic, continued to meet theater lovers digitally on Pinar's YouTube channel “Everything is for Our Children”. The game, which provided a total of 90 thousand views, was released for little viewers throughout 2020. Previous plays staged by Pinar Children's Theater were also broadcasted on the YouTube channel “Everything is for Our Children” for wider enjoyment.



### INTERNATIONAL PINAR CHILDREN'S PAINTING CONTEST

Held for the 39th time in order to discover the artists of the future, and to foster the interest of primary school children in painting, the International Pinar Children's Painting Contest was held in 2020 with the theme of “Free”. A total of 5,685 paintings from across Turkey and Germany were entered into the competition. As a result of the evaluation of the selection committee, 13 little painters deemed the winners of the competition were awarded tablets and professional painting materials, while 3 students received a one-year scholarship through the Yaşar Education and Culture Foundation.



A total of 103 works, including 30 paintings selected in the competition and 73 paintings deemed worthy by the jury of being exhibited, were showcased to visitors at the “Virtual Exhibition”, which is accessible on the [www.pinar.com.tr](http://www.pinar.com.tr) website. At the same time, the video of the exhibition was published on the “Everything for Our Children” Youtube channel.



Scan the qr code to visit the Virtual Exhibition



## Sociological Evaluation Report

Within the scope of the 39th International Pınar Child Painting Competition, a sociological study was carried out in cooperation with Anadolu University Department of Sociology. In this social responsibility project, a "Sociological Research Report" was prepared by evaluating the data obtained by examining the pictures of children that participate from different geographical regions.



## PINAR CHILDREN'S PAINTING WORKSHOP

Pınar Children's Painting Workshop, which was held for the fifth time in 2020 with the aim of bringing children together through art, was transferred to the digital platform due to the pandemic, and was realized online with the painter Betül Güney through the social media account "Life with Pınar".



## SUPPORT TO SPORTS

Under the leadership of Selçuk Yaşar, the Founder and Honorary President of Yaşar Holding, Pınar has been supporting the Karşıyaka Basketball Team as the main supporter, and thousands of young athletes participating in sports through infrastructure provided with its corporate culture approach focused on "social citizenship". Pınar also continues to work in sports branches other than basketball.



## Pınar KSK

Pınar, which has been the main sponsor of the Karşıyaka Basketball Team for 22 years, contributes to basketball activities by supplying beverages as well as through the name sponsorship of the team.

**5,685 pictures**  
NUMBER OF PICTURES  
SUBMITTED IN PINAR  
INTERNATIONAL  
CHILDREN'S PAINTING  
COMPETITION

**22 years**  
KARŞIYAKA BASKETBALL  
TEAM MAIN SPONSOR

Izmir is a city of basketball, and among the achievements of Pınar Karşıyaka, which is supported by the people of Izmir, with the aim of integrating young people and children with sports, is victory in the Turkish Cup Championship, the Presidential Cup Championship and the Turkish Basketball League Championship. In addition to these achievements, Pınar Karşıyaka successfully represents our country in international organizations such as Turkish Airlines EuroLeague, 7DAYS EuroCup, FIBA Champions League and FIBA Europe Cup. Pınar has contributed to the sporting activities of over 25 thousand children to date with its support for the infrastructure of the Karşıyaka Basketball Branch.

## SOCIAL MEDIA ACCOUNTS OF LIFE WITH PINAR

Pınar provides families useful and up-to-date information through mother-child communication on Twitter, Instagram and Facebook accounts and the Youtube channel. It also enlightens young people on issues such as sports and environmental awareness. Pınar, which also includes Social Responsibility and sustainability issues in its accounts, aims to bring together diverse target groups in this manner. It also supports the artistic development of children by organizing workshops for children on its Instagram accounts.

## SOCIAL MEDIA ACCOUNTS OF PINAR SU VE İÇECEK

Pınar Su ve İçecek continues to share through the "pinarsuofficial" and Pınar Su accounts on Twitter, Instagram and Facebook. At the same time, it shares communication on its products and services with consumers through its channel called "My Life Spring" on the Youtube channel.

## SPONSORSHIPS

Pınar Su ve İçecek sponsors activities that support the development of cooking, gastronomy, culinary culture and the development of the water sector in Turkey.

## Awards and Certificates

Pınar Su ve İçecek, which confirms the quality of production standards and technologies it uses through the certification it receives, was the recipient of various awards in organizations staged both at home and abroad in 2020.



### It has been ranked in the top 3 among the “Beverage brands that have Most Improved Their Reputation”

In “the one Awards Integrated Marketing Awards”, Pınar Su ve İçecek was one of the top three brands to have most improved its reputation in the non-carbonated beverage category during the year. The One Awards was held in cooperation with Akademetre, Turkey’s Marketing Magazine and the Market research company, where 1,200 people in 12 provinces were surveyed face-to-face regarding “Reputation and Brand Value Performance Measurement”.

### Lux Life Magazine – Famous Leaders Award from UK to Pınar Su ve İçecek.

Pınar Su ve İçecek was awarded the “Famous Leaders in Natural Spring Water Packaging and Distribution 2019 - Turkey” Award in the Food & Beverage category with an organization staged by UK-based LUX Life Magazine to honor the world’s most outstanding initiatives and businesses. The organization was based on evaluating the skills and quality of existing services by taking into account broader market reputation.

### Most Innovative Digital Beverage Company Award

Pınar Su ve İçecek became the Most Innovative Digital Beverage Company in the Food & Beverage category in 2020 in research conducted by UK-based Lux Life Magazine.

### DOCUMENTS AND CERTIFICATES

- TSE ISO EN 9000 - Quality Management System Certificate
- TS ISO 10002 - Customer Satisfaction Management System Certificate
- TSE ISO EN 9000 - Quality Management System Certificate
- TSE ISO EN 22000 - Food Safety Management System Certificate
- TS EN ISO 45001 - Occupational Health and Safety Management System Certificate
- NSF International - International Health and Food Safety Compliance Certificate
- BRC (British Retail Consortium) - British Food Security Certificate of Conformity
- TS 266 - Waters - (For Human Consumption) - Certificate of Conformity to Turkish Standards
- TS OIC SMIIC 1 - Halal Certificate
- UEA S. GSO 987 - Certificate of Conformity to United Arab Emirates Quality Standards
- IMS CERTIFICATE - Certificate of Conformity to United Arab Emirates Industrial Measurement Standards
- VEGETARIAN CERTIFICATE - European Vegan and Vegetarians Standard Compliance Certificate
- Carbon Neutral Certificate
- TSE - Covid 19 Safe Production Certificate
- Zero Waste Certificate

# Milestones

## Pioneer in the Industry with International Production Standards and Modern Technology

- 1984** • Pinar Su introduces consumers to Turkey's first packaged water under the "Pinar Şaşal" label.
- 1985** • PVC containers are used for the first time.  
• Pinar Su exports goods to Germany for the first time.
- 1989** • Pinar Su single-handedly accounts for 90% of all of Turkey water exports.
- 1995** • Bottled water production capacity reaches 100,000 tons a year.
- 1996** • Pinar Su opens its second factory in Aydın Bozdoğan and introduces its "Pinar Madran" brand to consumers.
- 1997** • Pinar Su introduces the first PET bottles for its Pinar Madran line of water and is awarded a gold plaque by the Turkish Standards Institute.
- 1999** • ISO 9001-2008 Quality Management System Certification is received.
- 2001** • Pinar Su receives TSE ISO 14001 Environmental Management System Certification.
- 2002** • Pinar Madran Water is marketed in carboys.
- 2003** • The rights to the Sakarya and Isparta springs are acquired and Marmara Su is set up. Products are presented to consumer's taste under the "Pinar Yaşam Pınarım" and the "Pinar Denge" labels from these two springs.  
• Pinar Su is awarded TS ISO 9001:2000 Certification.
- 2005** • Pinar Su is awarded TS 13001 HACCP Food Safety System Certification.  
• Pinar Madran plant located in Aydın Bozdoğan is expanded with additional investments made.
- 2007** • Pinar Madran is the first Turkish beverage brand to be certified with the NSF International Quality Certification.
- 2009** • Pinar Su is awarded TS ISO EN 9001:2008 Quality Management System Certification.
- 2010** • The Pinar Su Order Hotline at 444 99 00 launches its service and can be accessed from anywhere in Turkey.  
• Pinar Su is awarded TS ISO EN 22000 Food Safety Management System Certification.
- 2011** • Bottle weights are reduced with the short-neck project.  
• Akçaağaç replaces Toros as source of the Company's mineral water in Isparta.  
• TS 18001 Occupational Health & Safety Management System Certification.
- 2012** • The Company is awarded TSE-ISO-EN 10002 Customer Satisfaction Management System Certification.  
• Turkey's first web-based online carboy-ordering system is launched.
- 2013** • Pinar Su order-placement app running on Android and iOS platforms is launched.  
• The season-liveried series of glass bottles receives a gold medal at Ambalaj Ay Yıldızları Competition.  
• PET container production capacity is nearly doubled at Hendek and Isparta plants.  
• The Company enters the naturally sparkling mineral water category with plain, fruit-flavored and vitamin-enriched fruit-flavored products.
- 2014** • Newly-designed 0.33L and 0.75L glass bottles are introduced to the market.  
• Pinar Su receives BRC (British Retail Consortium) Food Safety Certification.  
• According to the results of the Turkish National Customer Satisfaction Index survey, Pinar Su ranked first place in the packaged water industry.
- 2015** • Pinar Su is the official water provider of the Turkish Basketball Federation and the National Basketball Teams.
- 2016** • Pinar Su launches 15L glass carboy.  
• Uludağ source investment in Bursa / Inegöl is completed and put into operation.
- 2017** • Pinar Frieri fruit flavored segment is added to mineral water category and the portfolio is expanded.  
• Lemonade category is released to market.  
• In addition to filling the water supply, the ability to produce fizzy and still fruit drinks is gained.  
• Minions licensed products joins the portfolio.
- 2019** • Trade Name was renewed as "Pinar Su ve İçecek".  
• Pinar New Generation My Life Spring functional beverage family was presented for the taste of consumers.
- 2020** • Pinar Su ve İçecek was the first water and beverage company in its sector to have a carbon neutral certified product.  
• COVID-19 Safe Production Certificate was obtained.  
• The sugar-free, vitamin-containing Pinar Frieri product family was launched.  
• Production facilities received the "Zero Waste Certificate".



# CORPORATE GOVERNANCE PRACTICES AND FINANCIAL INFORMATION

# BOARD OF DIRECTORS

## Emine Feyhan Yaşar - Chairperson of the Board

Feyhan Yaşar started her career in 1978 at DYÖ, a Yaşar Group company. Then, she served in Yaşar Group as a manager in the fields of finance and management. After Selçuk Yaşar became Honorary President, she assumed the position of Chairperson of Yaşar Holding Board of Directors from 2004-2009. Feyhan Yaşar currently serves as Vice Chairperson of the Board of Directors of Yaşar Holding and Hedef Ziraat, while she continues her duty as the Chairperson of the Board of Directors of Yaşar Group companies Pınar Et, Pınar Su, Altın Yunus Çeşme, Yaşar Bilgi, Yadex International, HDF FZCO and Hadaf Foods, and takes part in the board of directors of the other Community Companies. Feyhan Yaşar, who has been active in many non-governmental organizations that support social development in the fields of education, culture and the arts and sports, as well as business life, is also the Vice Chairperson of the Yaşar Education and Culture Foundation Board of Directors, Member of Selçuk Yaşar Sports and Education Foundation Board of Directors and the Trustee Board Member of Yaşar University. Over the years, she has participated in the annual TUSIAD (Turkish Industry and Business Association) meetings as a Member of the Board of Directors of TUSIAD, the Presidency of the DEİK Danish Business Council, and a Member of the World Economic Forum (WEF). Currently, acting as the Chairperson of the Turkish Union of Chambers and Commodity Exchanges (TOBB) Beverage Industry Council, Foreign Economic Relations Board (DEİK) United Arab Emirates Business Council Executive Board Member, EBSO Council Member, SEV Board of Trustees, and as Boğaziçi University Foundation Board of Trustees Member, she is a member of TÜSİAD, SETBİR and ESİAD. After graduating from İzmir American Girls' College, Feyhan Yaşar completed her undergraduate education at the Boğaziçi University Faculty of Administrative Sciences, Department of Business Administration, and earned her master's degree in the Department of Economics at Dokuz Eylül University. She speaks English and French, and is a mother of two children.

## İdil Yiğitbaşı - Vice Chairperson of the Board

She completed her bachelor's degree in Business Administration at Boğaziçi University in 1986 and an MBA from Indiana University in 1989. İdil Yiğitbaşı, who started her business life in the finance department in Yaşar Group in 1986, assumed the responsibilities of System and Financial Analysis Vice of Coordinator between 1990-1995, Yaşar Food Group Coordinator in 1995, Vice President of Yaşar Food Group between 1997-2001 as well as serving as the Vice President of Yaşar Gıda Group Responsible for Milk and Dairy Products and as a Member of the Board of Directors in Group companies between February 1, 2001 and January 31, 2006. She served as the Vice Chairperson of Yaşar Holding Board of Directors from 2003-2009 and as Chairperson of Yaşar Holding Board of Directors from 2009-2015. Since April 2015, İdil Yiğitbaşı has been serving as the Vice Chairperson of Yaşar Holding Board of Directors, Vice Chairperson of Hedef Ziraat Board of Directors, Chairperson of Pınar Süt and Viking Kağıt companies, and Member of the Board of Directors of Yaşar Group companies. İdil Yiğitbaşı currently acts as the Vice President of Selçuk Yaşar Sports and Education Foundation, Board Member of Yaşar Education and Culture Foundation, Chairperson of Pınar Institute, Board Member of Aegean Region Chamber of Industry (EBSO) and İzmir Culture, Art and Education Foundation (İKSEV), as well as being a member of the Foreign Economic Relations Board (DEİK), Turkish Industry and Business Association (TÜSİAD), Turkish Association of Milk, Meat, Food Industrialists and Producers (SETBİR), Aegean Industrialists and Businesspeople Association (ESİAD), Aegean Young Businesspeople Association (EGİAD) Advisory Board, Advertisers Association (RVD) and the Turkish Corporate Governance Association (TKYD).

## Mustafa Selim Yaşar - Member of Board of Directors

He graduated from Paris-Académie Arqueille Sorbonne in 1976, NYU University in 1980 and New York - Pace University Business-Finance Department in 1981, Mustafa Selim Yaşar started his business life in Yaşar Dış Ticaret A.Ş. in 1981. After working in various positions at Yaşar Dış Ticaret A.Ş. for 8 years, he was appointed as the CFO of Yaşar Holding A.Ş. from 1988-1996 and also served as the President of the Paint-Chemistry and Beverage Group during the same years. Mustafa Selim Yaşar also served as the Executive Chairman of Otak-Desa AŞ and Desa Energy AŞ Board of Directors from 1997-2000. Mustafa Selim Yaşar, who has been the Chairperson of the Board of Directors of İzmir Teknopark A.Ş., BDS İş Geliştirme Ltd. Şti. and Yüzey İnşaat Taahhüt A.Ş. between 1991 and 1997, served as a Board Member, Chairperson of the Board of Directors and Chairman of the Assembly of the Aegean Region Chamber of Industry (EBSO), as well as Vice Chairperson of the Aegean Industrialists and Businessmen Association (ESİAD) for 4 years, of which he is a founding member. Assuming the responsibilities of Vice Chairperson of İzmir Metropolitan Municipality Council and as a member of Karşıyaka Municipality Council from 2004-2009, Mustafa Selim Yaşar still works actively in many non-governmental organizations. Mustafa Selim Yaşar, who has been the Chairpersons of the Board of Desa Enerji A.Ş., Dyo Boya A.Ş., Yaşar Birleşik Pazarlama A.Ş. since March 2014, has been the Chairperson of the Board of Yaşar Dış Ticaret A.Ş. and Yaşar Holding A.Ş. since April 2015.

# BOARD OF DIRECTORS

## Sezai Bekgöz - Independent Member of Board of Directors

After graduating from Ankara University, Faculty of Political Sciences, Department of Economics, Bekgöz completed his postgraduate education at the Faculty of Economics of Istanbul University, and received a PhD in banking from Marmara University, Institute of Banking and Insurance. Between 1983-1992, he worked as an Auditor in the Capital Markets Board's Audit Department. He served as the Head of the Inspection Board of Borsa İstanbul between 1992-1998 and as the Deputy President for Markets, Risk Management and Member Affairs between 1998-2007. Between 1997-2007, he served as a Member of the Board of Directors of Izmir Futures Exchange, Takasbank Settlement and Custody Bank and Central Registry Agency. Between 2007 and 2016, he worked at Takasbank Settlement and Custody Bank as the Assistant General Manager Responsible for Domestic and International Clearing and Custody Operations, Foreign Relations and Member Affairs. Dr. Sezai Bekgöz still provides consultancy services in Turkey and abroad and is an independent board member. Sezai Bekgöz serves on the boards of directors of several companies within the body of Yaşar Group.

## Feyzi Onur Koca - Independent Member of Board of Directors

Feyzi Onur Koca graduated from the Boğaziçi University Electrical Engineering department in 1981 and completed his MBA program at Istanbul University in 1982. In addition, he completed the "International Systemic Training and Consulting" program at the LIMAK International Management Academy in Austria in 2005. He worked as General Manager and European Director at Jotun Boya ve Toz Boya Sanayi ve Ticaret A.Ş. from 1991-2001, and then served as a Founding Partner at Lanark Resources Ltd. from 2002-2004. In the same period, he worked as the International Sales Coordinator in Capex Industries' Istanbul office. Feyzi Onur Koca was the COO of London Touch Group plc from March 2004 - September 2005. He served as General Manager at Parker Climate Control Systems Inc. from 2005-2012, and as the CEO and Country Manager at G4S Güvenlik Hizmetleri A.Ş. from 2012-2017. He is currently the CEO of the ICS-Group. He is a member of the board of trustees of Boğaziçi University Foundation (BUVAK), Lokman Hekim Health Foundation and Bornova Anatolian High School Foundation, and a member of ENKA Sports Club and the Turkish Corporate Governance Association (TKYD). Feyzi Onur Koca serves on the boards of directors of several companies within the body of Yaşar Group.

## Yılmaz Gökoğlu - Member of Board of Directors

Member of Board of Directors Yılmaz Gökoğlu, who graduated from Ankara University Faculty of Political Sciences, Department of Economics and Finance in 1977, joined Yaşar Group in 1983 after working as an Account Expert at the Ministry of Finance from 1978-1982. Having served in various senior management positions within the Group, mainly in financial affairs and auditing, he was elected to the Yaşar Holding Board of Directors in April 2007. Yılmaz Gökoğlu, who also serves as the General Secretary of the Boards of Directors at Yaşar Holding, is also a Board Member and Committee Member in companies within the Group, as well as holding Independent Auditor and Certified Public Accountant licenses.

## Cengiz Erol - Member of Board of Directors

Cengiz Erol completed his undergraduate degree in Business Administration at Ege University in 1974, his master's degree in Finance and Accounting at New York State University in 1979, and his doctorate in International Trade and Finance at New York State University in 1983. Cengiz Erol, who worked as Assistant Professor of Finance at Çukurova University from 1983-1985, at Yarmouk University in Jordan from 1985-1990 and Associate Professor of Finance at the Department of Business Administration at METU from 1990-1993, worked as a Professor of Finance at the Department of Business Administration at METU from 1993-2010. Serving as Ereğli Demir Çelik Consultant to the General Manager between 1991-1994, Member of Ankara Sigorta Board of Directors and Ankara Emeklilik Sigorta President from 2000-2003, Consultant to the Board of Directors at İnterfarma Tıbb. Mal. A.Ş. from 2002-2004, Member of the Board of Directors at İnterfarma Tıbb. Mal. A.Ş. from 2004-2008, and Department Chair of Business Administration at METU from 2008-2010, Cengiz Erol also assumed the position of METU Rector Advisor and Member of the Executive Board of ÖSYM. Cengiz Erol, who served as the Head of the International Trade and Finance Department at Izmir University of Economics from 2011-2013, was a faculty member of the International Trade and Finance Department and the Director of the Institute of Social Sciences at Izmir University of Economics from 2010-2015. Having served on the boards of directors of companies within the Yaşar Group since March 2014, has also been a faculty member at Yaşar University since 2017.

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



# RISK MANAGEMENT, INTERNAL CONTROL SYSTEM AND INTERNAL AUDIT ACTIVITIES

## RISK MANAGEMENT

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

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

### Risk Management Policy of the Company

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

### Workings of the Early Detection of Risks Committee

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

The committee monitors corporate risk management activities in order to create a prioritized risk inventory within the framework of risk management policy and procedures, determine appropriate risk strategies and monitor the results by taking the necessary actions, as well as providing necessary guidance.

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

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

In this context, the risks that the company is exposed to are;

- Prioritized according to their impacts and possibilities, after being grouped under strategic, operational, financial, external

and compliance main headings,

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

## INTERNAL CONTROL MECHANISM AND INTERNAL AUDIT ACTIVITIES

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

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

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

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

# LEGAL DISCLOSURES

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

The Ordinary General Meeting of the Company was held on March 25, 2020, and the decisions taken at the Ordinary General Meeting were being implemented. There was no Extraordinary General Assembly Meeting held in 2020.

## **Affiliated Company Report**

The conclusion part of the report prepared by the Board of Directors of our Company within the scope of Article 199 of the Turkish Commercial Code and explaining our relations with Controlling and Affiliated Partnerships is as follows.

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

Necessary explanations of the business transactions our Company has entered into with the related parties are included herewith in this report. In this report herewith prepared by the Board of Directors of our Company, it has been concluded that in all business transactions carried out with the controlling shareholder and affiliated companies of the controlling shareholder in 2020, an appropriate counter action was provided in each transaction according to the state and conditions known to us at the time when the transaction was carried out, when the action was taken or the action was avoided, and that there were no measures taken or not taken that caused damage to the company and, within this framework, that there was no need to take any offsetting actions or measures.

## **Grants and Donations**

From time to time, our Company may be furnishing donations to foundations established for various purposes and to similar

persons and/or institutions within the framework of the limits set by the relevant regulations of the Capital Markets Law. In 2020, our company furnished donations and grants in a total of 417,454 TL to various institutions and organizations.

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

Explanation on the subject is included in footnote 15 of our financial statements drawn for the period 01.01.2020 - 31.12.2020.

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

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

## **Amendments Made to the Articles of Association during the Period**

There are no amendments made to the articles of association during the period.

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

Financial benefits furnished to the Chairperson and Members of the Board of Directors are determined within the framework of the Remuneration Policy posted on our website. The total amount of wages and similar payments provided to the Members of the Board of Directors and senior executives in the twelve-month period ending on 31.12.2020 is 2,313,285 TL.

## **Disclosures Regarding Independent and Public Audits During the Fiscal Period**

In 2020, regular inspections were carried out by various public institutions; there are no significant notifications made to us officially in consequence.

### Statement on Company Equity

As of December 31, 2020, it is observed that the equity level of 83,835,557 TL and the issued capital of 44,762,708.45 TL are excessively protected.

### Voting Rights and Minority Interests

There is no concession on voting rights. Regarding the exercise of voting rights, there are no provisions in the company's articles of association that prevent a non-shareholder from voting by proxy as a representative. Without prejudice to the provisions of the legislation and the articles of association, voting at the General Assembly Meeting is made by a raising of hands. If requested by the shareholders, the voting method is determined by the General Assembly.

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

The working principles of the Board of Directors are regulated in Article 11 of the Company's articles of association. Accordingly:

"The Board of Directors convenes whenever the business and transactions of the company so require. However, it must convene at least once a month. The Board of Directors convenes with the majority of the total number of members and takes decisions with the majority of the members present at the meeting.

Details regarding the 2020 operating period activities of the Board of Directors are as follows: During the activity period, the Board of Directors convened 42 times. Usually all members attend the meetings. The defects of the members of the board of directors and the losses they may cause in the company are insured to cover 25% of the capital.

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

A Committee Responsible for Audits, a Corporate Governance

Committee and Early Detection of Risks Committee have been established in our Company.

Duties of the Nomination Committee and the Remuneration Committee are carried out by the Corporate Governance Committee. While fulfilling their activities, the Board of Directors Committees follow the working principles indicated on our company's website.

Feyzi Onur Koca is the Chairperson of the Committee Responsible for Audits and Sezai Bekgöz is a Committee Member. Both members are non-executive, non-affiliated board members. Audit Committee meetings are held at least once every three months, and at least four times a year.

Within the scope of the committee activities; information on the operations of the Company and internal control systems were obtained from the Company executives whereas audit findings were collected from the independent auditors. The committee oversees the accounting system of the partnership, disclosure of financial information to the public, independent audits, and the functioning and efficiency of the internal control system. The Committee also carries out the selection of the independent audit firm, the preparation of the independent audit contract and the initiation of the independent audit process, as well as the supervision of the work of the independent audit firm. It informs the Board of Directors of the accuracy and precision of the annual and interim financial statements to be disclosed to the public.

The Chairperson position of the Corporate Governance Committee is held by non-executive and independent board member Feyzi Onur Koca, non-executive board members Yılmaz Gökoğlu and Cengiz Erol and Investor Relations Department Manager Onur Öztürk. Corporate Governance Committee meetings are held at least once every 3 months, and at least four times a year. The Corporate Governance Committee determines whether the Corporate Governance Principles are applied in the Company, the reason why



## LEGAL DISCLOSURES

if they are not implemented, and the conflicts of interest that arise due to not fully complying with these principles, and recommends the Board of Directors to take remedial measures. The Corporate Governance Committee oversees the work of the Investor Relations Department.

The Corporate Governance Committee, within the scope of the duties of the Nominating Committee, works on the determination, evaluation, training and rewarding of candidates suitable to take part on the Board of Directors, creating a transparent system and determining policies and strategies in this regard. In addition, it evaluates the candidate proposals for non-affiliated membership, including the management and shareholders, by considering whether or not the candidate meets the non-affiliation criteria, and submits its evaluation to the board of directors for approval.

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

The Early Detection of Risks Committee is responsible for early diagnosis of risks that may endanger the existence, development and continuation of the company, taking necessary precautions regarding detected risks and carrying out studies for the proper management of risk. The Committee Chairperson is non-executive and non-affiliated board member Feyzi Onur Koca, Committee Members are non-executive board members Yılmaz Gökoğlu and Cengiz Erol.

In the assessments made by the board of directors of the company, it was determined that all committees of the company were established in accordance with the legislation, that activities were carried out effectively within the framework of the working principles previously established and published on our Company's website, a sufficient number of meetings were held periodically during the year, and as a result of these meetings, it is ascertained that the Committee Responsible for Audits has ensured the supervision of the company's accounting system and financial

information and the effectiveness of its public disclosure, and regularly submitted its findings, opinions and suggestions on this subject to the company's board of directors, that the Corporate Governance Committee made determinations about strengthening compliance with Corporate Governance Principles and submitted them to the board of directors together with their suggestions, that the Early Detection of Risks Committee reviewed the effectiveness of internal controls and risk management processes and the structure of early warning systems and models for risks, as well as identifying risks.

### **Strategic Goals of the Company**

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

### **Dividend Distribution Policy**

The Dividend Distribution Policy of Pinar Su ve İçecek Sanayi ve Ticaret A.Ş. for 2013 and the subsequent years, which was prepared in line with Capital Market Legislation, was submitted for the approval of the Ordinary General Assembly of 2013 and disclosed to the public, and the said information available on the Company's corporate website ([www.pinar.com.tr](http://www.pinar.com.tr)) can be accessed in Turkish and English on the investor relations page.

### **Access to KYBF and URF Addresses**

The 2020 Corporate Governance Compliance Report (URF) and Corporate Governance Information Form (KYBF) prepared in accordance with the CMB's Decision No. 2/49 dated 10.01.2019, are separately disclosed at the public the corporate website of the Public Disclosure Platform ([www.kap.gov.tr](http://www.kap.gov.tr)). Related documents can also be accessed from our Company's corporate governance page found on the Public Disclosure Platform website. (<https://www.kap.org.tr/tr/sirket-bilgileri/ozet/1058-pinar-su-ve-icecek-sanayi-ve-ticaret-a-s>)

# MEETING AGENDA

## **PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş. 2020 ORDINARY GENERAL ASSEMBLY MEETING AGENDA, DATED MARCH 25, 2021**

1. Opening and election of the Chairperson of the Meeting,
2. Authorizing the Meeting Chair to sign the General Assembly Meeting Minutes,
3. Perusal, discussion and approval of the 2020 Annual Report prepared by the Board of Directors of the Company,
4. Perusal and discussion of the Independent Audit Report for the fiscal year 2020,
5. Perusal, discussion and approval of the Financial Statements for the fiscal year 2020,
6. Releasing the members of the Board of Directors from their duties for the company's activities in 2020,
7. Submitting the selection of the Independent Audit Firm made by the Board of Directors for the approval of the General Assembly in accordance with the Turkish Commercial Code and Capital Markets Board regulations,
8. Determining the number and terms of office of the members of the Board of Directors, electing according to the determined number of members, determining the non-affiliated board members,
9. In accordance with Article 408 of the Turkish Commercial Code, determining the wages of the members of the Board of Directors and their rights such as attendance fee, bonus and premium,
10. Discussing and deciding on the amendment of Article 6 of the Company's Articles of Association titled "Registered Capital",
11. In accordance with Article 12 of the Corporate Governance Communiqué numbered II-17.1 of the Capital Markets Board, providing information to the shareholders about the income and benefits obtained by the guarantees, pledges, mortgages and sureties given by our Company in favor of third parties,
12. Informing the shareholders about the donations made during the year and submitting the donation limit determined within the scope of the Capital Market Legislation to the approval of the General Assembly,
13. Discussing and settling on the issue of year profit,
14. Granting authorization to the Members of the Board of Directors to make transactions in accordance with the 395th and 396th articles of the Turkish Commercial Code,
15. Wishes and opinions, closing.

# AMENDMENT TO ARTICLES OF ASSOCIATION PROPOSAL

## PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

<b>OLD VERSION</b> <b>REGISTERED CAPITAL</b> <b>Article 6-</b>	<b>NEW VERSION</b> <b>REGISTERED CAPITAL</b> <b>Article 6-</b>
<p>The Company has accepted the registered capital system in accordance with the provisions of the Capital Market Law numbered 6362 and switched to the registered capital system with the permission of the Capital Markets Board dated 30.04.2013 and numbered 15/491.</p> <p>The registered capital of the company is 50,000,000 Turkish Liras.</p> <p>The registered capital ceiling permission given by the Capital Market Board is valid for a period of 5 (five) years from 2017-2021. Even if the permitted registered capital ceiling is not reached at the end of 2021, in order for the board of directors to take a capital increase decision beyond 2021, for a previously permitted ceiling amount, or for a new ceiling amount, it is obligatory to obtain authorization from the general assembly for a new period by obtaining permission from the Capital Markets Board. In case of failure to obtain such authorization, a capital increase cannot be made with the decision of the board of directors.</p> <p>The issued capital of the company is 44,762,708.45 TL, which is fully paid, and divided into 4,476,270,845 bearer shares each with a nominal value of 1 Kr.</p> <p>The Board of Directors is authorized to increase the issued capital between 2017-2021 by issuing bearer shares up to the registered capital ceiling, whenever it deems necessary, in accordance with the provisions of the Capital Market Law and the regulations of the Capital Markets Board.</p> <p>In accordance with the provisions of the Capital Market Law, the Board of Directors is authorized to issue shares above or below their nominal value, and to limit the rights of shareholders to receive new shares.</p> <p>Shares representing capital are monitored within the framework of dematerialization principles.</p>	<p>The Company has accepted the registered capital system in accordance with the provisions of the Capital Market Law numbered 6362 and switched to the registered capital system with the permission of the Capital Markets Board dated 30.04.2013 and numbered 15/491.</p> <p>The registered capital of the company is <b>220,000,000</b> Turkish Liras.</p> <p>The registered capital ceiling permission given by the Capital Market Board is valid for a period of 5 (five) years from <b>2021-2025</b>. Even if the permitted registered capital ceiling is not reached at the end of <b>2025</b>, in order for the board of directors to take a capital increase decision beyond <b>2025</b>, it is obligatory to obtain authorization from the general assembly for a new period by obtaining permission from the Capital Markets Board for a previously permitted ceiling amount, or for a new ceiling amount. In case of failure to obtain such authorization, a capital increase cannot be made with the decision of the board of directors.</p> <p>The issued capital of the company is 44,762,708.45 TL, which is fully paid, and divided into 4,476,270,845 bearer shares each with a nominal value of 1 Kr.</p> <p>The Board of Directors is authorized to increase the issued capital between <b>2021-2025</b> by issuing bearer shares up to the registered capital ceiling, whenever it deems necessary, in accordance with the provisions of the Capital Market Law and the regulations of the Capital Markets Board.</p> <p>In accordance with the provisions of the Capital Market Law, the Board of Directors is authorized to issue shares above or below their nominal value, and to limit the rights of shareholders to receive new shares.</p> <p>Shares representing capital are monitored within the framework of dematerialization principles.</p>





## DECLARATION OF NON-AFFILIATION

As the non-affiliated candidate of the member of board of directors at PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş. ("Company"), I hereby declare that;

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

I have not been registered and declared in name as the legal person elected as a member of the board of directors and hence I am capable of fulfilling my duty as an independent member of the company's board of directors.

Respectfully yours,

Feyzi Onur KOCA



## DECLARATION OF NON-AFFILIATION

As the non-affiliated candidate of the member of board of directors at PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş. ("Company"), I hereby declare that;

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

I have not been registered and declared in name as the legal person elected as a member of the board of directors and hence I am capable of fulfilling my duty as an independent member of the company's board of directors.

Respectfully yours,

Sezai BEKGÖZ





# STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

## PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

### STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

a) PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş. ("Company") has complied with all mandatory articles of Corporate Governance Principles in the annex of Corporate Governance Communiqué numbered II-17.1 published by the Capital Markets Board (CMB) during the operating period that ended on December 31, 2020.

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

The explanations to be made by our Company in accordance with Article 8 of the Corporate Governance Communiqué regarding the non-compulsory corporate governance principles that have yet to be complied with are presented below, per each principle:

- 1.3.11. There is no clause in the articles of association of our company regarding the participation of the beneficiaries and the media in the general assembly. Independent audit firm officials also attend our general assembly meetings, and our company has not received any request from other beneficiaries or members of the media to participate.
- 1.5.2. In parallel with general practices, rights have been granted to the minority interests within the framework of the provisions in the general regulations. Within the context of our company's capital structure and free float ratio, it is foreseen to continue the practice as is at present.
- 4.3.9. A policy has not been established for the proportion of female members on the company's board of directors, but there are currently 2 female members on our board.
- 4.4.7. The members of the board of directors of our company are not restricted from taking other duties outside the company; however, the duties of the board members that they have taken outside the company are presented to the shareholders by including them in the annual report.
- 4.5.5. Since there are two non-affiliated members on the board of directors of our company, it is not possible for a board member to take part in only one committee.
- 4.6.1. There is no performance evaluation system established for the board of directors.
- 4.6.5. In line with general practices, the remuneration of the members of the board of directors and managers with administrative responsibilities are disclosed collectively in the annual report.

Regarding compliance with the principles, our Company will also carry out the necessary efforts by following the developments and practices in the legislation in future periods, as it does currently.

# STATEMENT OF RESPONSIBILITY

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

We hereby declare in accordance with the CMB regulations that; the financial position statement including footnotes, comprehensive income statement, cash flow statement and equity change statement, as well as board of directors activity report arranged by our Company and approved by the Board of Directors decision dated 26.02.2021 and numbered 2021/5 of the independently audited PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş. for the accounting period 01.01.2020 - 31.12.2020, which were prepared in accordance with the Turkish Accounting Standards/Turkish Financial Reporting Standards (TMS/TFRS) and the formats determined by the CMB;

1. That they were examined by our Company,
2. That within the framework of the information that we have in our field of duty and responsibility of our company, they do not contain any false statements on important matters, or any deficiencies which may be consequentially misleading as of the date of disclosure,
3. That within the framework of the information that we have in our field of duty and responsibility of our company, our financial statements prepared in accordance with the Communiqué honestly reflect the truth about the assets, liabilities, financial situation and profit and loss of the enterprise, and that our annual report honestly reflects the development and performance of the business and the financial situation of the enterprise, together with the significant risks and uncertainties faced,

We have reviewed the Corporate Governance Compliance Report ("URF") and the Corporate Governance Information Form ("KYBF") prepared for the fiscal period 01.01.2020 - 31.12.2020 within the framework of the CMB's decision dated 10.01.2019 and numbered 2/49, and confirm that the said reports were prepared in accordance with the procedures and principles set forth in the decision referred to in the CMB's Corporate Governance Communiqué II-17.1.

Respectfully yours,

Best regards,  
PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

Feyzi Onur KOCA  
Head of the Audit Committee

Sezai BEKGÖZ  
Member of the Audit Committee

Hüseyin KARAMEHMETOĞLU  
General Manager



**CONVENIENCE TRANSLATION INTO ENGLISH OF  
INDEPENDENT AUDITOR'S REPORT  
ON THE BOARD OF DIRECTORS' ANNUAL REPORT  
ORIGINALLY ISSUED IN TURKISH**

To the General Assembly of Pınar Su ve İçecek Sanayi ve Ticaret A.Ş.

**1. Opinion**

We have audited the annual report of Pınar Su ve İçecek Sanayi ve Ticaret A.Ş. (the "Company") for the 1 January - 31 December 2020 period.

In our opinion, the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements regarding the Company's position in the Board of Directors' Annual Report are consistent and presented fairly, in all material respects, with the audited full set financial statements and with the information obtained in the course of independent audit.

**2. Basis for Opinion**

Our independent audit was conducted in accordance with the Independent Standards on Auditing that are part of the Turkish Standards on Auditing (the "TSA") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities in the Audit of the Board of Directors' Annual Report section of our report. We hereby declare that we are independent of the Company in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

**3. Our Audit Opinion on the Full Set Financial Statements**

We expressed an unqualified opinion in the auditor's report dated 26 February 2021 on the full set financial statements for the 1 January - 31 December 2020 period.

**4. Board of Director's Responsibility for the Annual Report**

Company management's responsibilities related to the annual report according to Articles 514 and 516 of Turkish Commercial Code ("TCC") No. 6102 and Capital Markets Board's ("CMB") Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the "Communiqué") are as follows:

- a) to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;

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#### 4. Board of Director's Responsibility for the Annual Report (Continued)

- b) to prepare the annual report to reflect the Company's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report financial position is assessed in accordance with the financial statements. Also in the report, developments and possible risks which the Company may encounter are clearly indicated. The assessments of the Board of Directors in regards to these matters are also included in the report.
- c) to include the matters below in the annual report:
- events of particular importance that occurred in the Company after the operating year,
  - the Company's research and development activities,
  - financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

When preparing the annual report, the Board of Directors considers secondary legislation arrangements enacted by the Ministry of Trade and other relevant institutions.

#### 5. Independent Auditor's Responsibility in the Audit of the Annual Report

Our aim is to express an opinion and issue a report comprising our opinion within the framework of TCC and Communiqué provisions regarding whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited financial statements of the Company and with the information we obtained in the course of independent audit.

Our audit was conducted in accordance with the TSAs. These standards require that ethical requirements are complied with and that the independent audit is planned and performed in a way to obtain reasonable assurance of whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited financial statements and with the information obtained in the course of audit.

PwC Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Serdar İnanç, SMMM  
Partner

İstanbul, 26 February 2021

# **PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.**

## **FINANCIAL STATEMENTS**

**AT 1 JANUARY - 31 DECEMBER 2020**

**TOGETHER WITH INDEPENDENT AUDITOR'S REPORT**

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



## INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Pinar Su ve İçecek Sanayi ve Ticaret A.Ş.

### A. Audit of the financial statements

#### 1. Our opinion

We have audited the accompanying financial statements of Pinar Su ve İçecek Sanayi ve Ticaret A.Ş. (the "Company") which comprise the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and notes to the financial statements comprising a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

#### 2. Basis for opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We hereby declare that we are independent of the Company in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

#### 3. 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. Key audit matters were addressed in the context of our independent 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.

*PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.*

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Key Audit Matters	How the key audit matter was addressed in the audit
<p><b>Fair value measurement of land and land improvements, buildings and machinery and equipment</b> (Refer to Notes 2 and 11)</p>	<p>The following audit procedures were addressed in our audit work for the fair value measurement of land and land improvements and buildings:</p>
<p>In accordance with TAS 16, "Property, plant and equipment", land and land improvements, buildings and machinery and equipment are carried at fair value on the financial statements.</p>	<ul style="list-style-type: none"> <li>• We assessed in accordance with relevant audit standards that the competency, capability and objectivity of the independent professional valuers who were appointed by the Company management.</li> <li>• The consistency of the data used by the independent professional appraisal company appointed by the company management was checked with the Company's records and a matching study based on sampling.</li> <li>• In order to evaluate the assumptions and methods used by the company management and the independent professional valuation expert appointed by the Company management, an external expert has been included to examine the valuation reports selected by sampling.</li> <li>• The compliance of the disclosures of fair value determination of land and land improvements and buildings in the financial statements in accordance with the relevant financial reporting standards were evaluated.</li> </ul>
<p>As a result of the valuation made by the independent professional valuation firm appointed by the company management as of 31 December 2020, the total value increase in the carried values of land and land improvements, buildings and machinery and equipment is 83.5 million TL before tax and as of December 31, 2020 The total carrying value of these assets is TL 272.4 million.</p>	
<p>The aforementioned increase in value has been recognized by deducting the deferred tax effect in the tangible fixed asset revaluation increase account under equity in the statement of financial position.</p>	
<p>As of 31 December 2020, since the total value of the land and land improvements, buildings and machinery and equipment has a significant share in the Company's assets and the valuation techniques applied include important estimates and assumptions, the fair value determination of these assets is not carried out by us. It was considered as a key audit matter.</p>	



Key Audit Matters	How the key audit matter was addressed in the audit
<p><b>Recoverability of trade receivables (Refer to Note 7)</b></p>	
<p>Trade receivables amounting to millions of TL23.7 from non-related parties as of 31 December 2020 are material to the financial statements.</p>	<p>The following audit procedures were addressed in our audit work on the recoverability of trade receivables:</p>
<p>The Company management considers the guarantees received from its customers, past collection performance, credibility of customers, maturity analysis and disputes or claims related to receivables when evaluating recoverability. The determination of doubtful receivables together with the respective provisions includes Company management's estimations and assumptions. On the other hand, these estimates are very sensitive to market conditions.</p>	<ul style="list-style-type: none"> <li>• The Company's credit risk management policy, including credit limit and collection management, were understood and evaluated.</li> <li>• Trade receivables from non-related parties were tested on a sample basis by sending confirmation letters.</li> <li>• The agings of trade receivable balances from non-related parties were analysed on a sample basis.</li> <li>• The subsequent collections were tested on a sample basis.</li> <li>• The guarantee letters received from customers were tested on a sample basis.</li> <li>• It was assessed if there is a dispute or litigations regarding collectability of trade receivables from non-related parties, and obtained written assessments of legal counsels on outstanding litigations and disputes.</li> <li>• Based on the meetings held with Company management, the reasonableness of Company management's assumptions and judgements underlying the calculations of impairment of trade receivables were assessed.</li> <li>• The compliance of the disclosures regarding recoverability of trade receivables from non-related parties in the financial statements with the relevant financial reporting standards was evaluated.</li> </ul>
<p>Because of these reasons, the recoverability of trade receivables was determined to be a key audit matter.</p>	

#### **4. Responsibilities of management and those charged with governance for the financial statements**

The Company 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.

#### **5. Auditor's responsibilities for the audit of the financial statements**

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is 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 independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements 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 independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in 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.





## 5. Auditor's responsibilities for the audit of the financial statements (Continued)

- Assess the 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 independent 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 provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 responsibilities arising from regulatory requirements**

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2020 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 26 February 2021.

PwC Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Serdar İnanç, SMMM  
Partner

İstanbul, 26 February 2021

<b>CONTENTS</b>	<b>PAGE</b>
<b>I. STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) .....</b>	<b>62-63</b>
<b>II. STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME .....</b>	<b>64</b>
<b>III. STATEMENT OF CHANGES IN EQUITY .....</b>	<b>65</b>
<b>IV. STATEMENT OF CASH FLOW .....</b>	<b>66</b>
<b>NOTES TO THE FINANCIAL STATEMENTS .....</b>	<b>67-125</b>
NOTE 1 ORGANISATION AND NATURE OF OPERATIONS .....	67
NOTE 2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS .....	67-83
NOTE 3 INTERESTS IN OTHER ENTITIES .....	83
NOTE 4 SEGMENT REPORTING .....	83
NOTE 5 CASH AND CASH EQUIVALENTS .....	83
NOTE 6 TRANSACTIONS AND BALANCES WITH RELATED PARTIES .....	84-87
NOTE 7 TRADE RECEIVABLES AND PAYABLES .....	88-89
NOTE 8 OTHER RECEIVABLES AND PAYABLES .....	89-90
NOTE 9 INVENTORIES .....	90
NOTE 10 PREPAID EXPENSES AND DEFERRED INCOME .....	90
NOTE 11 PROPERTY, PLANT AND EQUIPMENT .....	91-95
NOTE 12 INTANGIBLE ASSETS .....	96
NOTE 13 GOVERNMENT GRANTS AND INCENTIVES .....	96
NOTE 14 BORROWINGS AND BORROWING COSTS .....	96-99
NOTE 15 PROVISION, CONTINGENT ASSETS AND LIABILITIES .....	99-101
NOTE 16 EMPLOYEE BENEFITS .....	102-103
NOTE 17 EXPENSES BY NATURE .....	103
NOTE 18 OTHER ASSETS AND LIABILITIES .....	103
NOTE 19 SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS .....	104-105
NOTE 20 REVENUE .....	106
NOTE 21 GENERAL ADMINISTRATIVE EXPENSES AND MARKETING, SELLING AND DISTRIBUTION EXPENSES .....	106
NOTE 22 OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES .....	107
NOTE 23 INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES .....	107
NOTE 24 FINANCIAL INCOME AND EXPENSE .....	108
NOTE 25 INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND TAX LIABILITIES) .....	108-112
NOTE 26 LOSS PER SHARE .....	112
NOTE 27 FINANCIAL INSTRUMENTS .....	113-114
NOTE 28 NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS .....	114-122
NOTE 29 FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK MANAGEMENT .....)	123-124
NOTE 30 SUBSEQUENT EVENTS .....	125



## CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

### PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

#### STATEMENTS OF FINANCIAL POSITIONS (BALANCE SHEETS)

AT 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

	Notes	31 December 2020	31 December 2019
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	5	6,166,993	3,298,440
Trade Receivables		31,580,330	34,046,894
- Due From Related Parties	6	7,900,482	9,652,409
- Other Trade Receivables	7	23,679,848	24,394,485
Other Receivables		1,885,511	5,188,953
- Due From Related Parties	8	1,885,511	5,188,953
Inventories	9	19,845,290	17,557,378
Prepaid Expenses		1,890,883	1,197,518
Prepaid Expenses From Third Parties	10	1,890,883	1,197,518
Other Current Assets		18,429,091	16,825,051
Other Current Assets From Third Parties	18	18,429,091	16,825,051
<b>SUB TOTAL</b>		<b>79,798,098</b>	<b>78,114,234</b>
Non-current assets held for sale	11-a	5,933,551	-
<b>TOTAL CURRENT ASSETS</b>		<b>85,731,649</b>	<b>78,114,234</b>
<b>Non-Current Assets</b>			
Financial Assets	27	14,867,852	7,544,201
Other Receivables		1,800	1,800
- Due From Non-Related Parties			
Other Receivables		1,800	1,800
Property, Plant and Equipment	11-a	289,645,289	222,196,645
- Lands		18,795,000	17,100,000
- Land Improvements		11,465,000	11,980,000
- Buildings		63,100,017	59,770,000
- Machinery and Equipments		179,048,106	115,449,342
- Furniture and Fixtures		16,803,033	17,756,397
- Construction in Progress		434,133	140,906
Intangible Assets		4,578,720	4,459,117
- Computer Programmes	12	4,578,720	4,459,117
Prepaid Expenses		171,135	407
- Prepaid Expenses			
From Third Parties		171,135	407
Right of Use Assets	11-b	30,283,534	12,968,236
<b>TOTAL NON-CURRENT ASSETS</b>		<b>339,548,330</b>	<b>247,170,406</b>
<b>TOTAL ASSETS</b>		<b>425,279,979</b>	<b>325,284,640</b>

The financial statements at 1 January - 31 December 2020 and for the year then ended have been approved for issue by Board of Directors of Pinar Su ve İçecek Sanayi ve Ticaret A.Ş. on 26 February 2021. The General Assembly and certain regulatory bodies have the authority to make amendments after the publication of statutory financial statements.

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

# CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

## PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş. STATEMENTS OF FINANCIAL POSITIONS (BALANCE SHEETS)

AT 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

	Notes	31 December 2020	31 December 2019
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Short-Term Borrowings		125,797,515	53,940,502
- Short-Term Borrowings to Non-Related Parties		125,797,515	53,940,502
- Bank Loans	14	125,797,515	53,940,502
Short-Term Portion of Long-Term Borrowings		50,925,976	45,085,027
- Long-Term Borrowings to Non-Related Parties			
Short-Term Portion Borrowings		50,925,976	44,451,598
- Bank Loans	14	43,173,454	41,790,792
- Lease Liabilities	14	7,752,522	2,660,806
- Short-Term Portion of Long-Term Borrowings to Related Parties		-	633,429
- Bank Loans	6.14	-	633,429
Trade Payables		53,690,420	47,743,771
- Due to Related Parties	6	2,085,802	2,602,330
- Other Payables to Non-Related Parties	7	51,604,618	45,141,441
Payables Related to Employee Benefits	16	1,322,064	895,862
Other Payables		21,771,639	22,370,168
- Due to Related Parties	6	5,644,455	10,585,045
- Other Payables to Non-Related Parties	8	16,127,184	11,785,123
Deferred Income		2,728,757	393,509
- Deferred Income from Third Parties	10	2,728,757	393,509
Short-Term Provisions		1,063,786	1,160,373
- Short-Term Provisions for Employee Benefits	16	362,255	354,057
- Other Short-Term Provisions	15	701,531	806,316
<b>TOTAL CURRENT LIABILITIES</b>		<b>257,300,157</b>	<b>171,589,212</b>
<b>Non-Current Liabilities</b>			
Long-Term Borrowings		55,504,043	88,181,079
- Long-Term Borrowings to Non-Related Parties		55,504,043	58,480,079
- Bank Loans	14	31,743,518	49,254,779
- Lease Liabilities	14	23,760,525	9,225,300
- Long-Term Borrowings to Related Parties		-	29,701,000
- Bank Loans	6	-	29,701,000
Trade Payables	7	-	2,660,237
- Due From Non-Related Parties		-	2,660,237
Long-Term Provisions		3,861,670	3,143,652
- Long-Term Provisions for Employee Termination Benefits	16	3,861,670	3,143,652
Deferred Tax Liabilities	25	24,778,549	8,019,793
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>84,144,262</b>	<b>102,004,761</b>
<b>TOTAL LIABILITIES</b>		<b>341,444,419</b>	<b>273,593,973</b>
<b>EQUITY</b>			
<b>Equity Attributable to Owners of Parent</b>			
Share Capital	19	83,835,560	51,690,667
Adjustment to Share Capital	19	44,762,708	44,762,708
Share Premiums		11,713,515	11,713,515
- Other accumulated comprehensive income/(loss) that will not be reclassified to profit or loss		88,239	88,239
- Gains on revaluation and remeasurement		147,425,205	78,966,439
- Revaluation of property, plant and equipment	11	136,595,126	74,756,564
- Actuarial loss arising from defined benefit plans		141,204,973	77,728,001
Gains/(Loss) on Remeasuring and/or Reclassification		(4,609,847)	(2,971,437)
- Revaluation or classification earnings of assets at fair value through other comprehensive income	27	(4,609,847)	(2,971,437)
Restricted Reserves	19	10,830,079	4,209,875
- Legal Reserves		4,180,008	4,180,008
Accumulated Losses		4,180,008	4,180,008
Loss for the Year		(84,476,808)	(55,268,397)
		(39,857,307)	(32,751,845)
<b>TOTAL EQUITY</b>		<b>83,835,560</b>	<b>51,690,667</b>
<b>TOTAL LIABILITIES</b>		<b>425,279,979</b>	<b>325,284,640</b>

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

## CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

### PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

#### STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

	Notes	1 January - 31 December 2020	1 January - 31 December 2019
<b>PROFIT (LOSS)</b>			
Revenue	20	219,816,626	224,607,394
Cost of Sales (-)	20	(115,113,506)	(122,928,505)
<b>GROSS PROFIT</b>		<b>104,703,120</b>	<b>101,678,889</b>
General Administrative Expenses (-)	21	(23,721,846)	(21,879,362)
Marketing Expenses (-)	21	(73,866,435)	(72,311,464)
Research and Development Expenses		(639,860)	(300,726)
Other Operating Income	22	6,240,832	4,474,222
Other Operating Expenses (-)	22	(11,910,785)	(4,569,090)
<b>OPERATING PROFIT/(LOSS)</b>		<b>805,026</b>	<b>7,092,469</b>
Income from Investment Activities	23	572,225	460,459
Expense from Investment Activities (-)	23	(93,936)	(62,505)
<b>OPERATING PROFIT/(LOSS) BEFORE FINANCIAL EXPENSE</b>		<b>1,283,315</b>	<b>7,490,423</b>
Financial Income	24	724,514	1,192,625
Financial Expenses (-)	24	(42,519,969)	(40,143,496)
<b>LOSS BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>(40,512,140)</b>	<b>(31,460,448)</b>
Tax Income of Continuing Operations		654,833	(1,291,397)
- Deferred Tax Income	25	654,833	(1,291,397)
<b>LOSS FROM CONTINUING OPERATIONS</b>		<b>(39,857,307)</b>	<b>(32,751,845)</b>
<b>LOSS FOR THE PERIOD</b>		<b>(39,857,307)</b>	<b>(32,751,845)</b>
Loss per Share			
Loss Per 1 KR Number of 100 Shares			
From Continuing Operations	26	(0,8904)	(0,7317)
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Other comprehensive income/expense not to be reclassified to profit or loss</b>		<b>72,002,200</b>	<b>19,944,785</b>
Losses on remeasurements of defined benefit plans		(2,048,013)	(950,075)
Gains on revaluation of property, plant and equipment		83,533,007	22,019,654
Gains from financial assets at fair value through other comprehensive income		7,930,796	2,880,257
Taxes for Other Comprehensive Expense not to be Reclassified to Profit or Loss		(17,413,590)	(4,005,051)
Gains on revaluation of property, plant and equipment, tax effect		409,602	190,015
Taxes for Other Comprehensive Income/Expense to be Reclassified to Profit or Loss		(1,310,591)	(258,635)
Losses on revaluation of property, plant and equipment, tax effect		(16,512,601)	(3,936,431)
<b>OTHER COMPREHENSIVE INCOME</b>		<b>72,002,200</b>	<b>19,944,785</b>
<b>TOTAL COMPREHENSIVE INCOME/EXPENSE</b>		<b>32,144,893</b>	<b>(12,807,060)</b>

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



# CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

## PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

### STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED AT 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

	Share Capital	Adjustment to share capital	Share Issue Premiums (Discounts)	Gains (Losses) on Revaluation of Property Plant and Equipments	Other comprehensive income/(expense) not to be reclassified to profit or loss	Remeasurements of Defined Benefit Plans	Gains from Financial Assets at Fair Value Through Other Comprehensive Income	Restricted Reserves	Accumulated Losses	Loss for the Period	Total Equity
<b>Prior year</b>											
<b>1 January - 31 December 2019</b>											
<b>Balances at beginning</b>	<b>44,762,708</b>	<b>11,713,515</b>	<b>88,239</b>	<b>62,735,634</b>	<b>(2,211,377)</b>	<b>1,588,253</b>	<b>4,180,008</b>	<b>(36,281,924)</b>	<b>(22,077,329)</b>	<b>64,497,727</b>	
Transfers	-	-	-	(3,090,856)	-	-	-	(18,986,473)	22,077,329	-	-
Total comprehensive income	-	-	-	18,083,223	(760,060)	2,621,622	-	-	(32,751,845)	(12,807,060)	
- Loss for the year	-	-	-	-	-	-	-	-	(32,751,845)	(32,751,845)	
- Other comprehensive income	-	-	-	18,083,223	(760,060)	2,621,622	-	-	-	19,944,785	
<b>Balances at closing</b>	<b>44,762,708</b>	<b>11,713,515</b>	<b>88,239</b>	<b>77,728,001</b>	<b>(2,971,437)</b>	<b>4,209,875</b>	<b>4,180,008</b>	<b>(55,268,397)</b>	<b>(32,751,845)</b>	<b>51,690,667</b>	
<b>Current year</b>											
<b>1 January - 31 December 2020</b>											
<b>Balances at beginning</b>	<b>44,762,708</b>	<b>11,713,515</b>	<b>88,239</b>	<b>77,728,001</b>	<b>(2,971,437)</b>	<b>4,209,875</b>	<b>4,180,008</b>	<b>(55,268,397)</b>	<b>(32,751,845)</b>	<b>51,690,667</b>	
Transfers	-	-	-	(3,543,434)	-	-	-	(29,208,411)	32,751,845	-	-
Total comprehensive income	-	-	-	67,020,406	(1,638,410)	6,620,204	-	-	(39,857,307)	32,144,893	
- Loss for the year	-	-	-	-	-	-	-	-	(39,857,307)	(39,857,307)	
- Other comprehensive income	-	-	-	67,020,406	(1,638,410)	6,620,204	-	-	-	72,002,200	
<b>Balances at closing</b>	<b>44,762,708</b>	<b>11,713,515</b>	<b>88,239</b>	<b>141,204,973</b>	<b>(4,609,847)</b>	<b>10,830,079</b>	<b>4,180,008</b>	<b>(84,476,808)</b>	<b>(39,857,307)</b>	<b>83,835,560</b>	

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

# CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

## PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

### STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED

### AT 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

	Notes	1 January - 31 December 2020	1 January - 31 December 2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>33,674,350</b>	<b>9,567,125</b>
Loss for the year		(39,857,307)	(32,751,845)
- Loss from Continuing Operations		(39,857,307)	(32,751,845)
<b>Adjustments Related to Reconciliation</b>		<b>62,898,241</b>	<b>61,329,509</b>
Adjustments for depreciation and amortisation expense	11.12	27,121,180	20,617,755
Adjustments for impairment loss		483,629	189,667
- Adjustments for impairment loss of receivables	7	483,629	189,667
Adjustments for provisions		766,644	244,450
- Adjustments for provisions related with employee benefits	16	871,429	790,075
- Adjustments for (Reversal of) other provisions	15	(104,785)	(545,625)
Adjustment for dividend income		(391,590)	(320,876)
Adjustments for interest expense and interest gain		36,538,480	36,717,665
- Adjustments for interest income		(676,249)	(1,662,960)
- Adjustments for interest expense		37,214,729	38,380,625
Adjustments for unrealized foreign currency translation differences		(878,571)	2,666,528
Adjustments for tax income	25	(654,832)	1,291,397
Adjustments for losses arised			
from sale of fixed assets	23	(86,699)	(77,077)
- Adjustments for losses arised			
from sale of tangible assets		(86,699)	(77,077)
<b>Changes in working capital</b>		<b>12,834,839</b>	<b>(17,817,670)</b>
Adjustments related to increase in trade receivables		1,486,165	325,375
- Increase in trade receivables from related parties		1,255,158	(3,858,953)
- Increase in trade receivables from non-related parties		231,007	4,184,328
Adjustments for increase in other receivables with operations		1,699,395	(1,726,149)
- Decrease in other related party receivables related with operations		-	(22)
- Increase in other non-related party receivables related with operations			
Adjustments for other receivables		1,699,395	(1,726,127)
Adjustments for (increase)/decrease in inventories		(2,287,912)	(393,296)
Adjustments for increase/(decrease) in trade payable		4,575,980	(16,429,213)
- Increase in trade payables to related parties		(516,528)	983,608
- Increase/(decrease) in trade payables to non-related parties		5,092,508	(17,412,821)
Increase in prepaid expenses		249,502	646,925
Increase in payables related to employee benefits		426,202	(14,367)
Adjustments for increase in other operating payables		4,342,061	78,027
- Increase in other operating payables to non-related parties		4,342,061	78,027
(Decrease)/increase in deferred income		2,335,248	(370,393)
Adjustments for other (decrease)/increase in working capital		8,198	65,421
- Increase in other payables related with operations		8,198	65,421
<b>Cash Flows from Operating Activities</b>		<b>35,875,773</b>	<b>10,759,994</b>
Payments related with provisions for employee benefits		(2,201,423)	(1,192,869)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(5,022,994)</b>	<b>(4,543,743)</b>
Cash inflows from sales of fixed assets		1,173,802	1,424,822
- Cash inflows from sales of tangible assets		1,173,802	1,424,822
Cash outflows due to purchase of fixed assets		(7,871,778)	(7,952,402)
- Cash outflows due to purchase of tangible assets	11	(7,214,438)	(7,043,443)
- Cash outflows due to purchase of intangible assets	12	(657,340)	(908,959)
Interest received	22.24	676,249	1,662,960
Cash Outflows Arising from Purchase of Shares or Capital			
Increase of Associates and/or Joint Ventures	27	607,143	-
Dividend received	23	391,590	320,877
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(25,782,803)</b>	<b>(3,106,479)</b>
Cash inflows from financial borrowings		185,107,043	112,789,437
- Cash inflows from loans		185,107,043	112,789,437
Cash outflows from financial liabilities		(158,155,245)	(78,356,852)
- Paybacks of borrowings		(158,155,245)	(78,356,852)
Increase in non-trade payables due to related parties		(4,940,590)	5,309,358
Cash outflows from lease liabilities		(15,164,523)	(7,193,913)
Interest paid		(32,629,488)	(35,654,509)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES</b>		<b>2,868,553</b>	<b>1,916,903</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>2,868,553</b>	<b>1,916,903</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>5</b>	<b>3,298,440</b>	<b>1,381,537</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>5</b>	<b>6,166,993</b>	<b>3,298,440</b>

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

## CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

### PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD

#### BETWEEN 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

#### NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

The Company's trade name "Pınar Su Sanayi ve Ticaret A.Ş." changed as "Pınar Su ve İçecek Sanayi ve Ticaret A.Ş." on 6 March 2019. Pınar Su ve İçecek Sanayi ve Ticaret A.Ş. (the "Company") is engaged in the production of bottled water, pet bottle production, carbonated beverage, noncarbonated beverage and fruit beverage under the brand name "Pınar Yaşam Pınarım". The Company's production facilities are located in Aydın, Isparta, Sakarya and Bursa whereas the Company's headquarter is located in İzmir.

Sales and distribution of the Company's products in the domestic market are performed by its own sales departments and its exports are performed by Yaşar Dış Ticaret A.Ş. ("YDT"), which is Yaşar Group company (Note 6).

Shares of the Company have been traded on the Borsa İstanbul ('BIST'). The ultimate shareholder of the Company is Yaşar Holding A.Ş. ("Yaşar Holding") with 58.00% of shares of the Company (2019: 58.00%) (Note 20).

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

Kemalpaşa Mah. Kemalpaşa Caddesi No: 262  
Bornova/İzmir

The average number of personnel employed during the period at the Company is 375 (31 December 2019: 406).

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

##### 2.1 Basis of Presentation

The accompanying financial statements are prepared in accordance with the Communiqué Serial II, No: 14.1, "Principals of Financial Reporting in Capital Markets" published in the Official Gazette numbered 28676 on 13 June 2013. According to the article 5 of the Communiqué, the financial statements are prepared in accordance with Auditing Standards Authority ("POAASA"). TFRS is updated through communiqués in order to be in line with the changes in International Financial Reporting Standards ("IFRS").

The financial statements have been presented in accordance with the "Announcement on TAS Taxonomy" issued by the CMB on 15 April 2019 and the formats specified in the financial statement examples and usage guidelines issued by CMB. The financial statements of the Company are prepared as per the CMB relating to financial statements presentations. Comparative figures are reclassified, where necessary, to conform to changes in the presentation of the current year's financial statements.

The Company maintains its books of accounts and prepares its statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance and principles issued by CMB. Subsidiaries operating in foreign countries have prepared their financial statements in accordance with the laws and regulations of the countries in which they operate. Other than land, buildings and land improvements, machinery and equipments and financial assets and liabilities carried at their fair values, financial statements are prepared and presented based on historical cost convention and interms of Turkish Lira ("TRY") which is the functional currency of the Company.



## CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

### PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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

##### 2.2 Amendments in Turkish Financial Reporting Standards

###### a) Standards, amendments and interpretations that are issued but not effective as at 31 December 2020:

- Amendments to TAS 1 and TAS 8 on the 'Definition of Material'; effective from Annual periods beginning on or after 1 January 2020. These amendments to TAS 1, 'Presentation of financial statements', and TAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other TFRSs:
  - i) use a consistent definition of materiality throughout TFRSs and the Conceptual Framework for Financial Reporting,
  - ii) clarify the explanation of the definition of material and
  - iii) incorporate some of the guidance in TAS 1 about immaterial information.
- Amendments to TFRS 3, 'Definition of a Business'; effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.
- Amendments to TFRS 9, TAS 39 and TFRS 7 - Interest rate benchmark reform; effective from Annual periods beginning on or after 1 January 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.
- Amendments to TFRS 16 "Leases - COVID 19 Lease concessions"; effective from annual periods beginning on or after 1 June 2020. Due to the COVID-19 outbreak, some concessions were provided to tenants in rent payments. These concessions can take a variety of forms, including suspension or postponement of lease payments. On May 28, 2020, with the amendment to the IFRS 16 Leases standard, the IASB introduced an optional facilitating application for tenants to not evaluate whether the privileges granted due to COVID-19 in lease payments are a change in the lease. Tenants may choose to account for such lease concessions in accordance with the provisions that apply in the absence of a change to the lease. This ease of implementation often causes the lease concession to be accounted for as variable lease payment in periods when an event or condition that triggers a reduction in lease payments occurs.

###### b) New standards, amendments and interpretations issued and effective as of 31 December 2020 have not been presented since they are not relevant to the operations of the Company or have insignificant impact on the financial statements.

###### c) Standards, amendments and interpretations that are issued but not effective as at 31 December 2020:

- Amendment to TAS 1, "Presentation of financial statements" regarding the classification of liabilities; effective from Annual periods beginning on or after 1 January 2022. These narrow-scope amendments to TAS 1, "Presentation of financial statements", explain that liabilities are classified as current or non-current, depending on the rights existing at the end of the reporting period. The amendment also clarifies what IAS 1 means to "settle" a liability.

## CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

### PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş. NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020 (Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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

##### 2.2 Amendments in Turkish Financial Reporting Standards (Continued)

- **Narrow amendments in TFRS 3, TAS 16, TAS 37 and some annual improvements in TFRS 1, TFRS 9, TAS 41 and TFRS 16;** effective from Annual periods beginning on or after 1 January 2022.

- **Amendments to TFRS 3 'Business Combinations';** This amendment updates a reference to the Conceptual Framework for Financial Reporting in TFRS 3 without changing the accounting requirements for business combinations.
- **Amendments to TAS 16 'Tangible fixed assets';** prohibits a company from deducting the income from the sale of manufactured products from the amount of the tangible fixed asset until the asset is ready for use. Instead, the company will reflect such sales revenue and related cost in profit or loss.
- **Amendments to TAS 37, 'Provisions, Contingent Liabilities and Contingent Assets';** this amendment specifies what costs a company involves when deciding whether to lose from a contract.

Annual improvements make minor changes to the explanatory examples of TFRS 1, 'First application of International Financial Reporting Standards' TFRS 9 'Financial Instruments', TAS 41 'Agricultural Activities' and TFRS 16.

- **Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 - The benchmark interest rate reform Phase 2;** effective from Annual periods beginning on or after 1 January 2021. This Phase 2 change addresses the problems arising from the implementation of reforms, including the replacement of an indicator interest rate with an alternative.

The company will evaluate the effects of the above changes on its operations and apply them as of the effective date. The standards and amendments that were published as of 31 December 2020 but have not come into force yet and are not related to the Company's activities are not given above.

##### 2.3 Changes and Errors in Accounting Policies and Estimates

Any change in the accounting policies resulted from the first time adoption of a new IFRS is made either retrospectively or prospectively in accordance with the transition requirements. Changes without any transition requirement, material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period consolidated financial statements. If changes in accounting estimates are related to only one period, they are recognised in the period when changes are applied; if changes in estimates are related to future periods, they are recognized both in the period where the change is applied and future periods prospectively.

##### 2.4 Comparative Information

The Company prepared its financial statements on a comparative basis with the preceding financial period, which enables determination of trends in financial position and performance. The Company prepared its balance sheet at 31 December 2020 on a comparative basis with balance sheet at 31 December 2019; and statements of comprehensive income, cash flows and changes in equity for the period of 1 January - 31 December 2020 on a comparative basis with financial statements for the period of 1 January - 31 December 2019.

## CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

### PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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

##### 2.5 Summary of significant accounting policies

##### 2.5.1 IFRS 16 Leases

###### *The Company - as a lessee*

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

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

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

###### *Right of use asset*

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

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

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

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



## CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

### PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş. NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020 (Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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

##### 2.5 Summary of significant accounting policies (Continued)

##### 2.5.1 IFRS 16 Leases (Continued)

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

The Company apply IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

##### **Lease Liability**

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

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

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

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

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

##### **Extension and early termination options**

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

## CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

### PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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

##### 2.5 Summary of significant accounting policies (Continued)

##### 2.5.1 IFRS 16 Leases (Continued)

###### *Facilitating applications*

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

###### *Company - as lessor*

All of the Company's leases as lessor are operational leases. In operational leases, the leased assets are classified under investment properties in the balance sheet and the rental income obtained is reflected in the income statement in equal amounts during the lease period. The rental income is reflected to the income statement with a linear method throughout the lease period.

##### 2.5.2 Revenue Recognition

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

The Company recognizes revenue based on the following main principles:

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

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

## CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

### PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş. NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020 (Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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

##### 2.5 Summary of significant accounting policies (Continued)

##### 2.5.2 Revenue Recognition (Continued)

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

- a) The parties to the contract have approved the contract (in writing, orally or in accordance with other customer business practices) and are committed to perform their respective obligations,
- b) The Company can identify each party's rights regarding the goods or services to be transferred.
- c) The Company can identify the payment terms for the goods or services to be transferred.
- d) The contract has commercial substance,
- e) It is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, the Company shall consider only the customer's ability and intention to pay that amount of consideration when it is due.

##### *Revenue from product sales*

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

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

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

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

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

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

## CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

### PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD

#### BETWEEN 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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

##### 2.5 Summary of significant accounting policies (Continued)

##### 2.5.3 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 with fixed or determinable payments that are not quoted in an active market and which are not traded in an active market are classified as assets that are accounted at amortized cost value. If the maturities are less than 12 months from the balance sheet date, the current assets are classified as non-current assets if they are longer than 12 months. Assets that are accounted for at amortized cost include "trade receivables, cash and cash equivalents and other receivables" in the statement of financial position.

###### *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. The stage dictates how the Company measures impairment losses and applies the effective interest rate method. A simplified approach is permitted for financial assets that do not have a significant financing component.

###### **(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 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.

The generally accepted valuation methods used in the calculation of fair value in cases where the assets of which the fair value difference is recorded in other comprehensive income do not have any fair value recorded in the stock exchange, include some assumptions based on the best estimates of the management, and the values that may occur in the event of purchase / sale transactions may differ from these values.



## CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

### PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş. NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020 (Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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

##### 2.5 Summary of significant accounting policies (Continued)

###### 2.5.4 Inventories

Company's raw materials mainly consist of materials and packaging materials which are used to produce bottled water, finished goods mainly consist of bottled water.

Inventories are valued at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. Cost elements included in inventories comprise all costs of cost of spring water agreements and it's cost of rent agreements, purchase of material and other costs incurred in bringing the inventories to their present location and condition such as labor and appropriate amount of factory overheads (based on normal operating capacities). The cost of inventories is determined on the monthly weighted average basis (Note 9).

###### 2.5.5 Property, plant and equipment

Property, plant and equipment except for land, land improvements and buildings and machinery and equipment are stated at cost less accumulated depreciation. Land, land improvements and buildings and machinery and equipment are reflected in the financial statements at their fair values determined by an independent valuation company as of 31 December 2020 (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. Property, plant and equipment except for land, land improvements and buildings and machinery and equipment are carried at cost, less accumulated amortisation and impairment losses.

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

Buildings, machinery and equipment are capitalised and depreciated when they are in the location and condition necessary for it to be capable of operating in the manner intended by the management. It is expected that the residual value of property, plant and equipment except for demijohn and baskets would not be material amounts.

Advances given for tangible assets purchases are followed under prepaid expenses under fixed assets until the related asset is activated. In each reporting period, the scrap value of the tangible fixed assets is reviewed and necessary adjustments are made prospectively.

## CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

### PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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

##### 2.5 Summary of significant accounting policies (Continued)

##### 2.5.5 Property, plant and equipment (Continued)

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

##### Years

Buildings and land improvements	25-45 years
Machinery and equipment	5-25 years
Motor vehicles	5 years
Furniture and fixtures	5-10 years
Demijohn and basket	3-4 years

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

Where the carrying amount of an asset is greater than its recoverable amount, an impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. If the property, plant and equipment that are impaired are revalued, the impairment is charged to the revaluation reserves for an amount equivalent to the increases included in the revaluation reserve in the preceding periods and the remaining amount is recognised in the statement of comprehensive income. At each balance sheet date, estimated useful lives of property, plant and equipment are reviewed and adjusted if appropriate, prospectively.

##### 2.5.6. Non-current assets classified for sale

The Company classifies the fixed asset (or the asset group to be disposed of) as for sale if the carrying amount of a fixed asset is to be recovered through the sale transaction rather than the continuing use. In order for this situation to be valid; The related asset should be in a condition that is frequently encountered in the sale of such assets and can be immediately sold under customary conditions and the sales possibility should be high. The Company measures the fixed asset, which is classified as an asset held for sale, with the lower of its book value and fair value less sales cost.

##### 2.5.7. Intangible assets

Buildings, machinery and equipment are capitalised and depreciated when they are in the location and condition necessary for it to be capable of operating in the manner intended by the management. It is expected that the residual value of property, plant and equipment except for demijohn and baskets would not be material amounts.

## CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

### PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş. NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020 (Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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

##### 2.5 Summary of significant accounting policies (Continued)

##### 2.5.7. Intangible assets (Continued)

Depreciation is provided on the cost or revalued amounts of property, plant and equipment on a straight-line basis less any impairment (Note 12). Land is not depreciated as it is deemed to have an indefinite life. The annual depreciation rates for property, plant and equipment, which are based on the approximate useful lives of such assets, are as follows;

Repairs and maintenance are charged to the statements of comprehensive income during the financial period in which they are incurred. Subsequent costs are included in the asset's carrying value or recognised as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The Company derecognises the carrying amounts of the replaced parts related to renovations regardless of whether the replaced parts were depreciated separately. Subsequent costs included in the asset's carrying value or recognised as separate asset, are depreciated based on their useful lives.

##### 2.5.8 Borrowing and borrowing cost

Borrowings are recognized initially at the proceeds received, net of any transaction costs incurred. In subsequent periods, borrowings are restated at amortized cost using the effective yield method. Any difference between proceeds (net of transaction costs) and the redemption value is recognized in the statement of comprehensive income over the period of the borrowings. Borrowing costs are expensed as incurred (Note 24). If the borrowings mature within 12 months, then they are classified in current liabilities, otherwise they are classified in non-current liabilities (Note 14).

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

##### 2.5.9 Foreign currency translations and balances

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

##### 2.5.10 Loss per share

Loss per share disclosed in the statement of income and other comprehensive income are determined by dividing net profit/(loss) for the year by the weighted average number of shares that have been outstanding during the year concerned (Note 26). Companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. For the purpose of loss per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issues without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and for each earlier year. In case of dividend distribution, earnings per share is calculated by dividing net income by the number of shares, rather than dividing by weighted average number of shares outstanding.

## CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

### PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD

#### BETWEEN 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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

##### 2.5 Summary of significant accounting policies (Continued)

##### 2.5.11 Subsequent Events

Subsequent events, announcements related to net profit or even declared after other selective financial information has been publicly announced, include all events that take place between the balance sheet date and the date when balance sheet was authorized for issue.

In the case that events require a correction to be made occur subsequent to the balance sheet date, the Company makes the necessary corrections to the financial statements. Moreover, the events that occur subsequent to the balance sheet date and that do not require a correction to be made are disclosed in accompanying notes, where the decisions of the users of financial statements are affected.

##### 2.5.12 Provisions, contingent assets and contingent liabilities

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company are treated as contingent assets or liabilities. The Company does not recognise contingent assets and liabilities. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed, where an inflow of economic benefits is probable (Note 15).

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

##### 2.5.13 Related parties

For the purpose of these financial statements, shareholders having control, joint control or significant influence over the Company, Yaşar Group companies, key management personnel and board members of the Company or parent Company "Yaşar Holding" and their close family members, together companies controlled, jointly controlled or significantly influenced by them are considered as and referred to as related parties (Note 6).

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

The person concerned,

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



## CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

### PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş. NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020 (Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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

##### 2.5 Summary of significant accounting policies (Continued)

##### 2.5.13 Related parties (Continued)

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

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

##### 2.5.14 Employee and termination benefits

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

##### 2.5.15 Statement of cash flow

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

## CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

### PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD

#### BETWEEN 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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

##### 2.5 Summary of significant accounting policies (Continued)

###### 2.5.16 Share capital and dividends

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

###### 2.5.17 Trade Receivables

Trade receivables that are created by the Company by way of providing goods or services directly to a debtor are carried at amortized cost. Receivables with short-term maturities which have no predefined interest rate are measured at the original invoice amount unless the effect of imputed interest is significant (Note 7).

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

###### 2.5.18 Going concern

The company has prepared its financial statements according to the continuity principle of the business.

###### 2.5.19 Received deposits amounts for demijohn and basket

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

##### 2.6 Material Changes Regarding the Current Period

The necessary actions have been taken by the Company management to minimize the possible effects of the COVID-19 epidemic, which has affected our country and the world, on the Company's activities and financial status. During this period, the Company focused on direct-to-home sales and retail sales channels in order to compensate for sales losses in the out-of-home consumption channel, where the majority of consumption in the beverage sector is realized. In addition to this, the company took actions to minimize operational expenses and investment expenditures and worked for effective cash management. Despite the negative effects of the pandemic, there was no disruption in the supply, production and logistics processes of the Company, continued uninterruptedly.

While preparing its financial statements dated 31 December 2020, Pınar Su ve İçecek evaluated the possible effects of the COVID-19 outbreak on the financial statements and reviewed the estimates and assumptions used in the preparation of the financial statements. In this context, the Company has tested possible impairment in the values of financial assets, stocks, tangible fixed assets, fixed assets classified for sale in its financial statements dated 31 December 2020 and no impairment was detected.

## CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

### PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş. NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020 (Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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

##### 2.6 Material Changes Regarding the Current Period (Continued)

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

- Reviewing the sales and operational processes in line with the targets aiming at the sustainability of profitability and growth has been determined as the main target.
- In order to improve the cost and expense structure that directly affect the profitability of the company; It primarily aims to reduce the fixed cost burden by increasing the sales scale, to optimize variable cost elements with actions to be taken, and to optimize especially production and logistics expenses.
- The Company will continue to prioritize products and sales channels that support profitability and sustainability in sales, and increase revenue and profitability with new channel/ customer/product categories.
- For effective management of working capital, efforts to focus on sales channels with short collection periods and high profitability and to manage stock levels at a minimum will continue.

In the light of these efforts, it is aimed that the Company will ensure sustainable profitability in its operations in the upcoming periods. In addition, the Company stopped production at the facility for the purpose of realizing the sale of the Akçaağaç plant in March 2020. In addition to these measures, Yaşar Holding, which is the main shareholder of the Company, provides the Company with the necessary resources and support, including capital increase, in order to strengthen the financial structure of the Company, to avoid any difficulties in paying the Company's existing debts and to make payments on time. has committed to be provided. The Board of Directors of the Company decided to increase the registered capital ceiling from 50,000,000 TL to 220,000,000 TL on 3 February 2021, CMB approval was obtained within the scope of the necessary articles of association amendment process and it is envisaged that the issue will be submitted to the approval of the shareholders at the first ordinary General Assembly (Note 30).

##### 2.7 Significant accounting assessments, estimates and assumptions

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

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

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

## CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

### PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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

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

In this context, as a result of the evaluations made by the Company management, land and land improvements and buildings and investment properties as of 31 December 2020, property, plant and equipment, on the fair value determined by the valuation studies carried out by an independent professional valuation company. is reflected in the tables.

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

- In fair value calculations, the most effective and efficient use evaluation was made and the current usage purposes were determined as the most effective and efficient use, and the peer comparison method was used for lands and plots, and the cost approach method was used for underground and surface landscapes and buildings.
- In the peer comparison method, the existing market information was used, the prices were adjusted within the framework of the criteria that may affect the market value, considering the similar real estates that were recently put on the market, and the average m2 sales value for the plots subject to the report was determined. The peers found were compared according to criteria such as location, size, zoning status, physical characteristics, and real estate marketing firms were interviewed for an up-to-date evaluation of the real estate market, and the existing knowledge of an independent professional valuation company was used.
- In the cost approach method, the value of the real estate is determined by adding the investment costs on the land to the land value after amortization (subtracting the depreciation after adding any interest or gain). In the calculation of the land value among the components discussed in the cost approach method, the equivalent comparison method explained above was used.
- Cost approach method was used in valuation of property, plant and equipment. Due to the fact that valuation is an integrated industrial plant valuation as a whole, in the light of market data to the extent that it is applicable in valuation of property, plant and equipment; It was built on active and operational values within the integrated plant and the property, plant and equipment in question were examined on a line basis.

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

##### b) Trade receivables and impairment

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



# CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

## PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş. NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020 (Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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

#### 2.8 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 having 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 offsetting. As a result of the transactions in the normal course of business, revenue except for the revenue identified are presented as net if the nature of the transaction or the event qualify for offsetting.

#### 2.9 TFRS Compliance declaration to resolutions published by POAASA

The Company Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Turkish Financial Reporting Standards published by the POAASA. As Company Management, we declare that the current and previous period financial statements together with the summary of the important accounting policies and notes to the financial statements are prepared and presented in accordance with TFRS published by the POAASA.

### NOTE 3 - INTERESTS IN OTHER ENTITIES

Please see Note 27.

### NOTE 4 - SEGMENT REPORTING

Please see 2.3.

### NOTE 5 - CASH AND CASH EQUIVALENTS

	31 December 2020	31 December 2019
Cash in hand	37,429	33,296
Banks	1,626,957	975,567
- Demand deposits	781,957	370,567
- Turkish Lira	781,957	370,567
- Time deposits	845,000	605,000
- Turkish Lira	845,000	605,000
Other	4,502,607	2,289,577
	<b>6,166,993</b>	<b>3,298,440</b>

As of 31 December 2020 the company has time deposit less than one week with an 17.54% weighted interest rate in TRY. Other cash and cash equivalents includes the credit cards slips with an average term of 30 days (2019: 30 days).

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

## CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

### PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD

#### BETWEEN 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

#### NOTE 6 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Due from and due to related parties and the transactions with related parties as of and for the years ended 31 December 2020 and 2019 are as follow:

##### i) *Balances with related parties:*

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

	31 December 2020	31 December 2019
YDT (1)	7,317,194	9,100,643
Çamlı Yem Besicilik Sanayi ve Ticaret A.Ş. ("Çamlı Yem") (1)	92,717	286,474
DYO Boya Fabrikaları Sanayi ve Ticaret A.Ş. ("DYO Boya") (1)	62,275	58,011
Other	234,539	493,755
	<b>7,900,482</b>	<b>9,652,409</b>

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

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

As of 31 December 2020, due from related parties amounting to TRY415,528 (2019: TRY728,813) were overdue for a period of 3 months (2019: 3 months).

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

##### b) *Trade payables to related parties:*

	31 December 2020	31 December 2019
Yaşar Holding (2)	959,332	925,809
Yaşar Bilgi İşlem ve Ticaret A.Ş. ("Yaşar Bilgi İşlem") (1)	462,150	384,507
Desa Elektrik ve Tedarik Toptan Satış ve Tic. A.Ş. ("Desa Elektrik") (1)	438,163	403,013
Pınar Foods GmbH ("Pınar Foods") (1)	225,198	166,265
Yaşar Birleşik Pazarlama Dağıtım Turizm ve Ticaret A.Ş. ("YBP") (1)	-	715,820
Other	959	6,916
	<b>2,085,802</b>	<b>2,602,330</b>

# CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

## PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş. NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020 (Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

### NOTE 6 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

#### (2) Main Partner

As of 31 December 2020 short-term trade payables to related parties mature mainly within a month (2019: 1 month).

	31 December 2020	31 December 2019
<b>c) Short-term portion of long-term payables to related parties:</b>		
Yaşar Holding (2)	-	633,429
	-	<b>633,429</b>
<b>d) Other payables to related parties:</b>		
Yaşar Holding (2)	5,563,523	10,300,408
YBP (1)	76,896	280,601
Other (1)	4,036	4,036
	<b>5,644,455</b>	<b>10,585,045</b>

As of 31 December 2020, the Company has non-commercial debts to Yaşar Holding and the annual effective interest rate applied to these debts is 20.25 percent weighted interest rate annually (31 December, 2019: 15.50).

#### e) Long term borrowings to related parties:

Yaşar Holding (2)	-	29,701,000
	-	<b>29,701,000</b>

As of 31 December 2019, financial liabilities consist of principal amounts of long-term loan payables obtained by Yaşar Holding from a financial institution and transferred to the Company under the same conditions.

#### ii) Transactions with related parties:

##### a) Product sales to related parties:

	1 January - 31 December 2020	1 January - 31 December 2019
YDT(1)	33,607,632	29,934,516
Other	2,778,899	1,767,135
	<b>36,386,531</b>	<b>31,701,651</b>

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

## CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

### PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

#### NOTE 6 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

	1 January - 31 December 2020	1 January - 31 December 2019
<b>b) Service sales to related parties:</b>		
Desa Enerji Elektrik Üretim A.Ş. ("Desa Enerji") (1)	412,757	369,951
YDT (1)	407,989	271,920
Other	200,406	27,766
	<b>1,021,152</b>	<b>669,637</b>
<b>c) Service purchases from related parties:</b>		
Desa Elektrik (1)	5,594,393	341,536
Yaşar Holding (1)	4,105,094	3,996,852
Yaşar Bilgi İşlem (1)	3,760,325	2,402,696
YDT (1)	1,904,137	1,411,968
YBP (1)	603,659	389,633
Pınar Süt Mamülleri Sanayi A.Ş. ("Pınar Süt") (1)	319,634	264,049
Bintur Turizm ve Catering Hizmetleri A.Ş. ("Bintur") (1)	110,621	251,139
Desa Enerji (1)	5,810	30,305
Other	284,501	719,428
	<b>16,688,174</b>	<b>9,807,606</b>
Service purchases from Yaşar Holding are mainly related with the consultancy charges. The service purchases from Yaşar Bilgi İşlem are mainly related with information technology service charges, Service purchases from Desa Elektrik are mainly related with electricity consumption charges.		
<b>d) Finance expenses from related parties:</b>		
Yaşar Holding (2)	1,945,156	548,663
YBP (1)	296,170	317,102
YDT (1)	149,738	186,050
	<b>2,391,064</b>	<b>1,051,815</b>
<b>e) Other income from operations from related parties:</b>		
YDT(1)	3,263,949	925,538
Other	170,761	399,462
	<b>3,434,710</b>	<b>1,325,000</b>



# CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

## PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş. NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020 (Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

### NOTE 6 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

The Company's operating income due from related parties mostly TRY consist of foreign translation gains.

#### f) Other expense from operations from related parties:

	1 January - 31 December 2020	1 January - 31 December 2019
YDT (1)	496,702	454,812
Yaşar Holding (2)	166,406	139,568
YBP (1)	135,490	255,891
Other	201,539	180,491
	<b>1,000,137</b>	<b>1,030,762</b>

The Company's operating expenses due from related parties mostly consist of foreign translation transactions.

#### g) Tangible and intangible asset purchases from related parties:

Yaşar Bilgi İşlem (1)	591,741	778,549
YBP (1)	-	123,977
Other	-	150,136
	<b>591,741</b>	<b>1,052,662</b>

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

#### h) Dividend income:

Desa Enerji (1)	391,590	320,877
	<b>391,590</b>	<b>320,877</b>

#### i) Bails received:

Bails received are mainly related with the bails provided by YBP, YDT, Yaşar Group company, for repayment of borrowings obtained from a domestic financial institution amounting to TRY63,852,820 and EUR403,100 equivalent of TRY67,483,904 as of 31 December 2020 (2019: TRY103,498,451 and EUR1,218,600 equivalent of TRY111,602,872).

#### j) Key management compensation:

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

Short-term employee benefits	2,311,369	1,955,763
Other long-term benefits	1,916	21,373
	<b>2,313,285</b>	<b>1,977,136</b>

## CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

### PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

#### NOTE 7 - TRADE RECEIVABLES AND PAYABLES

	31 December 2020	31 December 2019
<b>a) Short-term trade receivables from non-related parties:</b>		
Customer current accounts	24,850,174	21,731,274
Cheques and notes receivables	2,836,962	6,186,870
	<b>27,687,136</b>	<b>27,918,144</b>
Less: Provision for doubtful receivables	(4,007,288)	(3,523,659)
	<b>23,679,848</b>	<b>24,394,485</b>

#### The aging of trade receivables as of 31 December 2020 and 2019 are as follow:

Overdue	3,268,091	5,045,922
0 - 30 days	9,486,591	7,600,063
31 - 60 days	8,869,622	7,917,188
61 - 90 days	1,755,220	3,292,659
91 days and over	300,324	538,653
	<b>23,679,848</b>	<b>24,394,485</b>

#### The aging of overdue receivables from non-related parties as of 31 December 2020 and 2019 are as follow:

0 - 90 days	3,091,709	4,096,075
91 - 180 days	176,382	949,847
	<b>3,268,091</b>	<b>5,045,922</b>

As of 31 December 2020, trade receivables of TRY3,268,091 (2019: TRY5,045,922) were past due and the Company holds collateral amounting to TRY1,245,702 (2019: TRY1,365,369).

#### The aging of provision for doubtful receivables as of 31 December 2020 and 2019 are as follow:

	2020	2019
<b>1 January</b>	<b>(3,523,659)</b>	<b>(3,333,992)</b>
Charged to the statement of comprehensive income (Note 22.b)	(522,232)	(424,467)
Collections (Note 22.a)	38,603	234,800
<b>31 December</b>	<b>(4,007,288)</b>	<b>(3,523,659)</b>

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

# CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

## PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş. NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020 (Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

### NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Continued)

#### b) Short-term trade payables due to non-related parties:

	31 December 2020	31 December 2019
Supplier current accounts	51,604,618	45,141,441
	<b>51,604,618</b>	<b>45,141,441</b>

As of 31 December 2020, the average terms of trade payables to unrelated parties are within 2 months (2019: 2 months).

#### c) Long-term trade payables due to non-related parties:

Supplier non current accounts	-	2,660,237
	<b>-</b>	<b>2,660,237</b>

As of 31 December 2019, long-term trade payables to unrelated parties consist of the principal amount of debts to the supplier in connection with the packaged water filling facility investment made in Bursa.

The redemption schedules of long-term trade payables as of 31 December 2019 are as follows:

	31 December 2019
2021	2,660,237
	<b>2,660,237</b>

As of 31 December 2019 long-term trade payables consist of payables due to property, plant and equipment purchases amounting to EUR400,000.

### NOTE 8 - OTHER RECEIVABLES AND PAYABLES

#### a) Other short - term receivables

	31 December 2020	31 December 2019
Deposits and guarantees given	944,138	82,155
Value added tax ("VAT") receivables	858,526	4,904,373
Other	82,847	202,425
	<b>1,885,511</b>	<b>5,188,953</b>

#### b) Other payables to non-related parties:

Deposits and guarantees receivable	12,796,202	11,134,725
Taxes and funds payables	3,329,883	650,398
Other	1,099	-
	<b>16,127,184</b>	<b>11,785,123</b>

## CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

### PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

##### NOTE 8 - OTHER RECEIVABLES AND PAYABLES (Continued)

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

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

##### NOTE 9 - INVENTORIES

	31 December 2020	31 December 2019
Raw materials	8,014,651	6,103,015
Pallets and vials	5,830,014	5,309,034
Finished goods	4,864,049	3,848,653
Other	1,136,576	2,296,676
	<b>19,845,290</b>	<b>17,557,378</b>

Cost of inventories recognized as expense and included in cost of sales amounted to TRY71,670,838 (2019: TRY78,810,088) (Note 17). Raw materials mainly consist of materials and packaging materials which are used to produce bottled water. The other inventory items are valued at their costs and there is no impairment.

##### NOTE 10 - PREPAID EXPENSES AND DEFERRED INCOME

	31 December 2020	31 December 2019
<b>a) Short-term prepaid expenses</b>		
Prepaid expenses	1,890,015	1,196,650
Order advances given	868	868
	<b>1,890,883</b>	<b>1,197,518</b>
<b>b) Long-term prepaid expenses</b>		
Prepaid expenses	152,899	-
Advances given	18,236	407
	<b>171,135</b>	<b>407</b>
<b>c) Deferred income</b>		
Advances received	2,728,757	393,509
	<b>2,728,757</b>	<b>393,509</b>



# CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

## PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş. NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020 (Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

### NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

#### a) Tangible Assets:

Movements of property, plant and equipment between 1 January - 31 December 2020 was as follows:

	1 January 2020	Additions	Disposals	Transfers (*)	Netting of Accumulated Depreciation Before Valuation	Revaluation Increase	31 December 2020
<b>Cost/Revaluation:</b>							
Land	17,100,000	140,000	-	(385,000)	-	1,940,000	18,795,000
Buildings and land improvements	71,750,000	172,479	(40,074)	(2,557,302)	(3,244,694)	8,484,608	74,565,017
Machinery and equipment	123,455,110	1,488,290	(2,877,763)	(2,941,309)	(13,184,621)	73,108,399	179,048,106
Motor vehicles	131,832	-	-	-	-	-	131,832
Furniture and fixtures	42,187,736	5,120,442	(2,613,171)	(49,940)	-	-	44,645,067
Construction in progress	140,906	293,227	-	-	-	-	434,133
	<b>254,765,584</b>	<b>7,214,438</b>	<b>(5,531,008)</b>	<b>(5,933,551)</b>	<b>(16,429,315)</b>	<b>83,533,007</b>	<b>317,619,155</b>
<b>Accumulated depreciation (-):</b>							
Buildings and land improvements	-	(3,284,769)	40,075	-	3,244,694	-	-
Machinery and equipment	(8,005,768)	(7,998,155)	2,819,302	-	13,184,621	-	-
Motor vehicles	(131,832)	-	-	-	-	-	(131,832)
Furniture and fixtures	(24,431,339)	(4,995,224)	1,584,529	-	-	-	(27,842,034)
	<b>(32,568,939)</b>	<b>(16,278,148)</b>	<b>4,443,906</b>	<b>-</b>	<b>16,429,315</b>	<b>-</b>	<b>(27,973,866)</b>
<b>Net book value</b>	<b>222,196,645</b>						<b>289,645,289</b>

(\*) 5,993,551 TRY of the transfers have been transferred to fixed assets classified for sale. In accordance with the decision of the Board of Directors of the Company taken on January 15, 2020, the Company has decided to cease the operations of its facility in Isparta Akçaağaç.

The Company classifies polycarbonate and glass demijohn together with baskets as tangible assets and their carrying value is TRY10,138,736.

## CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

### PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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

Movements of property, plant and equipment between 1 January - 31 December 2019 was as follows::

	1 January 2019	Additions	Disposals	Transfers	Netting of Accumulated Depreciation Before Valuation	Revaluation Increase	31 December 2019
<b>Cost/Revaluation:</b>							
Land	12,425,000	-	-	-	-	4,675,000	17,100,000
Buildings and land improvements	58,876,887	827,705	-	-	(5,299,246)	17,344,654	71,750,000
Machinery and equipment	122,201,135	1,286,664	(415,739)	383,050	-	-	123,455,110
Motor vehicles	200,705	-	(68,873)	-	-	-	131,832
Furniture and fixtures	39,641,233	4,788,168	(2,241,665)	-	-	-	42,187,736
Construction in progress	383,050	140,906	-	(383,050)	-	-	140,906
	<b>233,728,010</b>	<b>7,043,443</b>	<b>(2,726,277)</b>	<b>-</b>	<b>(5,299,246)</b>	<b>22,019,654</b>	<b>254,765,584</b>
<b>Accumulated depreciation (-):</b>							
Buildings and land improvements	(2,763,844)	(2,535,402)	-	-	5,299,246	-	-
Machinery and equipment	-	(8,380,960)	375,192	-	-	-	(8,005,768)
Motor vehicles	(167,417)	(2,295)	37,880	-	-	-	(131,832)
Furniture and fixtures	(20,658,938)	(4,737,861)	965,460	-	-	-	(24,431,339)
	<b>(23,590,199)</b>	<b>(15,656,518)</b>	<b>1,378,532</b>	<b>-</b>	<b>5,299,246</b>	<b>-</b>	<b>(32,568,939)</b>
<b>Net book value</b>	<b>210,137,811</b>						<b>222,196,645</b>

An important part of the Company's additions to tangible fixed assets in 2020 consists of carboy and glass carboy entries.

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH**

**PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.**  
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
BETWEEN 1 JANUARY - 31 DECEMBER 2020  
(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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

**b) Right of Use Rights:**

	1 January 2020	Additions	Disposals	31 December 2020
<b>Cost:</b>				
Buildings and land improvements	14,664,629	17,440,222	-	32,104,851
Machinery and equipment	1,678,481	-	(234,558)	1,443,923
Motor vehicles	1,092,934	10,343,644	-	11,436,578
	<b>17,436,044</b>	<b>27,783,866</b>	<b>(234,558)</b>	<b>44,985,352</b>
<b>Accumulated depreciation (-):</b>				
Buildings and land improvements	(3,250,579)	(7,013,095)	-	(10,263,674)
Machinery and equipment	(839,240)	(675,968)	71,285	(1,443,923)
Motor vehicles	(377,989)	(2,616,230)	-	(2,994,219)
	<b>(4,467,808)</b>	<b>(10,305,295)</b>	<b>71,285</b>	<b>(14,701,818)</b>
<b>Net book value</b>	<b>12,968,236</b>			<b>30,283,534</b>

## CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

### PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD

#### BETWEEN 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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

##### b) Right of Use Rights:

	1 January 2019 (*)	Additions	31 December 2019
<b>Cost:</b>			
Buildings and land improvements	14,664,629	-	14,664,629
Machinery and equipment	1,678,481	-	1,678,481
Motor vehicles	1,092,934	-	1,092,934
	<b>17,436,044</b>	<b>-</b>	<b>17,436,044</b>
<b>Accumulated depreciation (-):</b>			
Buildings and land improvements	-	(3,250,579)	(3,250,579)
Machinery and equipment	-	(839,240)	(839,240)
Motor vehicles	-	(377,989)	(377,989)
	<b>-</b>	<b>(4,467,808)</b>	<b>(4,467,808)</b>
<b>Net book value</b>	<b>17,436,044</b>		<b>12,968,236</b>

(\*) Please see Note 2.4.1



# CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

## PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş. NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020 (Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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

Current year's depreciation and amortisation charges were allocated to cost of production by TRY18,236,101 (31 December 2019: TRY14,289,810) production costs, TRY6,420,042 (31 December 2019: TRY4,499,275) to marketing expenses by (Note 21.b) and TRY2,437,576 (31 December 2019: TRY1,811,184) to general and administrative expenses by (Note 21.a), TRY27,460 (31 December 2019: TRY17,487) and research and developments expenses.

Movements in revaluation reserve related to land, buildings, land improvements, machinery and equipment as of 31 December 2020 and 2019 were as follows:

	2020	2019
<b>1 January</b>	<b>77,728,001</b>	<b>62,735,634</b>
Depreciation on revaluation reserve transferred to retained earnings - net	(3,553,130)	(3,090,856)
Increase in revaluation reserve of land, land improvements and buildings - net	8,533,687	18,083,223
Increase in revaluation reserve of machinery and equipment- net	58,486,719	-
Disposal from revaluation reserve due to sales of property plant and equipment - net	9,696	-
<b>31 December</b>	<b>141,204,973</b>	<b>77,728,001</b>

Cost values and related accumulated depreciation of land and plots, buildings, underground and aboveground layouts and machinery, facilities and devices as of 31 December 2020 and 2019 are as follows:

	Land	Building and land improvements	Machinery and equipment
<b>31 December 2020:</b>			
Cost	3,879,212	47,098,765	110,966,901
Less: Accumulated depreciation	-	(14,957,740)	(60,823,021)
<b>Net book value</b>	<b>3,879,212</b>	<b>32,141,025</b>	<b>50,143,880</b>
<b>31 December 2019:</b>			
Cost	4,124,212	49,523,663	115,297,682
Less: Accumulated depreciation	-	(11,324,519)	(54,409,862)
<b>Net book value</b>	<b>4,124,212</b>	<b>38,199,144</b>	<b>60,887,820</b>

## CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

### PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

##### NOTE 12 - INTANGIBLE ASSETS

The movements of intangible assets and related accumulated amortisation for the periods 1 January - 31 December 2020 and 2019 were as follow:

	1 January 2020	Additions	31 December 2020
<b>Costs:</b>			
Rights	6,941,453	657,340	7,598,793
Accumulated amortisation	(2,482,336)	(537,737)	(3,020,073)
<b>Net book value</b>	<b>4,459,117</b>		<b>4,578,720</b>
	1 January 2019	Additions	31 December 2019
<b>Costs:</b>			
Rights	6,032,494	908,959	6,941,453
Accumulated amortisation	(1,988,907)	(493,429)	(2,482,336)
<b>Net book value</b>	<b>4,043,587</b>		<b>4,459,117</b>

##### NOTE 13 - GOVERNMENT GRANTS AND INCENTIVES

In 2013, the company received 14,433,546 TL, 8,308,639 TL received in 2015, 28,691,361 TL received in 2016 and 5,310,000 TL related to the additional incentive program received in 2018, regarding the manufacturing industry soft drink production, mineral and spring water production support program of the Ministry of Economy in 2013. and, as of 2020, there is a deferred tax asset of 9,498,709 TL (31 December 2019: 9,498,709 TL) related to the aforementioned incentive. The contribution of the Ministry of Economy to the investment incentive expenditures received by the company is 20% for 2013, 15% for 2015 and 2016, and 20% for 2020 (Note.25).

##### NOTE 14 - BORROWINGS AND BORROWING COSTS

	31 December 2020	31 December 2019
Short-term loans	125,797,515	53,940,502
Lease liabilities	7,752,522	2,660,806
Short-term portion of long-term loans	43,173,454	41,790,792
Short-term portion of long-term borrowings due to related parties	-	633,429
<b>Short-Term Borrowings</b>	<b>176,723,491</b>	<b>99,025,529</b>
Long-term loans	31,743,518	49,254,779
Long-term lease borrowings	23,760,525	9,225,300
Long-term borrowings to related parties	-	29,701,000
<b>Long-Term Borrowings</b>	<b>55,504,043</b>	<b>88,181,079</b>
<b>Total Borrowings</b>	<b>232,227,534</b>	<b>187,206,608</b>

# CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

## PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş. NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020 (Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

### NOTE 14 - BORROWINGS AND BORROWING COSTS (Continued)

Details of bank loans as of 31 December 2020 and 2019 are presented below:

	Effective weighted average interest rate p.a. (%)		Original currency		TRY equivalent	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
<b>Short-term borrowings:</b>						
Borrowings TRY (*)	18.61	16.22	125,797,515	53,940,502	125,797,515	53,940,502
<b>Short-term portion of long term borrowings</b>						
Borrowings TRY (**)	13.49	16.13	43,173,454	41,790,792	43,173,454	41,790,792
<b>Total short-term borrowings</b>					<b>168,970,969</b>	<b>95,731,294</b>
<b>Long-term borrowings:</b>						
Borrowings TRY (**)	13.33	14.87	31,743,518	49,254,779	31,743,518	49,254,779
<b>Total long-term borrowings</b>					<b>31,743,518</b>	<b>49,254,779</b>
<b>Total borrowings</b>					<b>200,714,487</b>	<b>144,986,073</b>

(\*) As of 31 December 2020, TRY denominated short-term bank borrowings consist of borrowings with spot loans fixed interest rates of 18.61% p.a. (2019: Interest rates of 16.22% p.a.).

(\*\*) As of 31 December 2020, TL 73,425,017 of TL loans consist of fixed-rate loans with an annual average interest rate of 13.35%, while the portion of TL 1,491,366 includes variable-rate loans with an interest rate of 16.62% (2019: TL 88,804,393 of the loans with an average annual interest rate of 15.31%). with fixed rate loans, and the portion amounting to TL 2,241,179 includes floating rate loans with an interest rate of 6 months TUFE + 4%)

## CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

### PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD

#### BETWEEN 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

#### NOTE 14 - BORROWINGS AND BORROWING COSTS (Continued)

The redemption schedule of long-term bank borrowings (financial lease excluded) at 31 December 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
2021 year	-	34,508,686
2022 year	22,193,980	16,338,430
2023 year	9,549,538	11,908,116
2024 year	-	5,400,182
2025 year	-	5,400,182
2026 year	-	5,400,182
	<b>31,743,518</b>	<b>78,955,778</b>

As of 31 December 2020 and 2019, the carrying amounts of the borrowings with floating and fixed interest rates which were classified in terms of periods remaining to contractual repricing dates are as follows:

	Less than 3 months	3 months to 1 year	More than 1 year	Total
<b>31 December 2020:</b>				
Borrowings with variable interest rates	210,113	683,282	597,970	1,491,365
Borrowings with fixed interest rates	-	-	-	199,223,122
	<b>210,113</b>	<b>683,282</b>	<b>597,970</b>	<b>200,714,487</b>
<b>31 December 2019:</b>				
Borrowings with variable interest rates	168,359	558,762	-	2,239,952
Borrowings with fixed interest rates	-	-	-	172,447,120
	<b>168,359</b>	<b>558,762</b>	<b>-</b>	<b>174,687,072</b>

The carrying amounts and fair values of borrowings are as follows:

	Carrying amount		Fair value	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Bank borrowings	200,714,487	174,686,844	200,281,297	192,902,959

The fair values of bank loans are determined using the discounted cash flow method using effective weighted interest rates of 18.65% and 1.75% (31 December 2019: 11.65% and 1.75% annually for TRY and USD loans), respectively for TRY and US Dollars.



# CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

## PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş. NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020 (Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

### NOTE 14 - BORROWINGS AND BORROWING COSTS (Continued)

For the period 1 January - 31 December 2020 and 2019 the carrying amount of net borrowings are as follows:

	2020	2019
<b>1 January</b>	<b>173,419,791</b>	<b>138,872,942</b>
Cash inflows from loans	185,107,042	112,789,446
Cash outflows from paybacks of borrowings	(158,155,245)	(78,356,855)
Borrowings from leases	23,760,525	9,225,300
Cash outflows from leases	(15,164,523)	(7,193,913)
Effect of accrual of interest	(4,585,241)	(226)
Effect of change in cash and cash equivalents	(2,868,551)	(1,916,903)
<b>31 December</b>	<b>201,513,798</b>	<b>173,419,791</b>

### NOTE 15 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	31 December 2020	31 December 2019
<b>a) Other short-term provisions:</b>		
Provision for premium to customer	411,131	530,543
Provisions for litigation	275,773	275,773
Provision of promotion	14,627	-
	<b>701,531</b>	<b>806,316</b>
<b>b) Guarantees given:</b>		
Letters of guarantee	16,542,862	23,286,045
	<b>16,542,862</b>	<b>23,286,045</b>

## CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

### PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

#### NOTE 15 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

The collaterals, pledges and mortgages ("CPM") position of the Company for the years ended 31 December 2020 and 2019 were as follow:

	31 December 2020			31 December 2019		
	Currency	Amount	TRY equivalent	Currency	Amount	TRY equivalent
<b>CPM provided by the Company:</b>						
<b>A.</b> Total amount of CPM given on behalf of the Company	TRY	16,542,862	16,542,862	TRY	23,286,045	23,286,045
<b>B.</b> Total amount of CPM given on behalf of fully consolidated companies	-	-	-	-	-	-
<b>C.</b> Total amount of CPM given for continuation of its economic activities on behalf of third parties	-	-	-	-	-	-
<b>D.</b> Total amount of other CPM	-	-	-	-	-	-
<b>i.</b> Total amount of CPM given on behalf of the main shareholder	-	-	-	-	-	-
<b>ii.</b> Total amount of CPM given on behalf of other group companies which are not in scope of B and C	-	-	-	-	-	-
<b>iii.</b> Total amount of CPM given on behalf of third parties which are not inscope of C	-	-	-	-	-	-
			<b>16,542,862</b>			<b>23,286,045</b>

The ratio of total amount of other CPM to Equity

-

-

# CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

## PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş. NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020 (Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

### NOTE 15 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

	31 December 2020	31 December 2019
<b>c) Guarantees received:</b>		
Bails	67,483,904	111,602,872
Letters of guarantee	26,956,317	30,381,138
Mortgages	6,934,174	7,469,174
Guarantee notes	2,719,002	3,270,003
Guarantee cheques	715,000	1,315,000
Other	8,479,089	6,563,988
	<b>113,287,486</b>	<b>160,602,175</b>

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

### d) Important Cases

Based on the reports prepared as a result of the examination made by the inspectors of the Ministry of Treasury and Finance in terms of corporate tax for 2018, the letter (administrative transaction) established to make a correction of TL 3,342,433 in the current year loss of the Company transferred to the next year and the tax inspection report based on the letter A lawsuit was filed with the request for suspension and cancellation of their execution. The legal remedy regarding the court decision established by the İzmir 4th Tax Court, which conducted an investigation on the said case, is open, and within the scope of the aforementioned lawsuit, the Company expects the case to be concluded in favor.

As a result of the inspections made by the Ministry of Treasury and Finance inspectors for the years of 2017 and 2018, the relevant tax office directorates imposed a tax penalty of TL 1,235,533, including VAT, Stamp Duty and Special Irregularity penalty, 564,318 TL original tax and 671,215 TL tax loss penalty, against the Company. . The processes regarding the lawsuits filed by the Company at İzmir 1st, 2nd, 3rd and 4th Tax Courts against the relevant penalties are continuing, and it is expected that the lawsuits in question will be concluded in favor by the Company.

### NOTE 16 - EMPLOYEE BENEFITS

	31 December 2020	31 December 2019
<b>a) Payables for employee benefits</b>		
Social security premiums	1,057,657	895,862
Other	264,407	-
	<b>1,322,064</b>	<b>895,862</b>

## CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

### PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

##### NOTE 16 - EMPLOYEE BENEFITS (Continued)

	31 December 2020	31 December 2019
<b>b) Short - term provisions for employee benefits</b>		
Management bonus accrual	220,000	220,000
Seniority incentive bonus	142,255	134,057
	<b>362,255</b>	<b>354,057</b>
<b>c) Long - term provisions for employee benefits</b>		
Provision for employment termination benefits	3,582,072	2,869,561
Seniority incentive bonus	279,598	274,091
	<b>3,861,670</b>	<b>3,143,652</b>

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

The amount payable consists of one month's salary limited to a maximum of TRY7,117.17 (2019: TRY6,379.86) for each year of service as of 31 December 2020.

The liability is not funded, as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees with certain actuarial assumptions.

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. The maximum amount of TRY7,638.96 which is effective from 1 January 2021 (1 January 2020: TRY6,730.15) 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 2020	31 December 2019
Discount rate (p.a) (%)	4.70	5.00
Probability of retirement (%)	94.39	95.32



# CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

## PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş. NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020 (Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

### NOTE 16 - EMPLOYEE BENEFITS (Continued)

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

	2020	2019
<b>1 January</b>	<b>2,869,561</b>	<b>2,356,931</b>
Interest costs	404,285	350,373
Actuarial loss	2,048,012	950,075
Current service cost	461,637	405,051
Paid during the year (-)	(2,201,423)	(1,192,869)
<b>31 December</b>	<b>3,582,072</b>	<b>2,869,561</b>

The total of interest cost and current service cost amounting to TRY865,922 (2019: TRY755,424) were allocated to general administrative expenses for TRY461,637 (31 December 2019: TRY405,051) (Note 21) and to financial expense for TRY404,285 (31 December 2019: TRY350,373) (Note 24).

### NOTE 17 - EXPENSES BY NATURE

	1 January - 31 December 2020	1 January - 31 December 2019
Raw material, direct material and finished goods	67,966,484	73,570,829
Transportation and export	27,519,881	31,259,754
Personnel	27,168,861	24,922,141
Depreciation and amortisation	27,121,179	20,617,755
Outsourced services	19,932,541	13,582,447
Advertising	8,542,186	9,048,971
Energy	6,973,897	7,402,409
Consultancy	4,394,505	4,662,111
Repair and Maintenance	4,131,582	6,972,359
Merchandise goods	3,704,354	5,239,259
Rent	2,625,355	3,835,147
Communication	466,667	528,393
Other	12,794,155	15,778,482
	<b>213,341,647</b>	<b>217,420,057</b>

### NOTE 18 - OTHER ASSETS AND LIABILITIES

	31 December 2020	31 December 2019
<b>Other current assets</b>		
VAT receivable	18,374,966	16,774,201
Other	54,125	50,850
	<b>18,429,091</b>	<b>16,825,051</b>

## CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

### PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD

#### BETWEEN 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

#### NOTE 19 - SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

The Company adopted the registered share capital system available to companies registered with the CMB and set a limit on its registered share capital representing registered type shares with a nominal value of Kr1. The Company's historical authorised registered share capital at 31 December 2020 and 2019 is as follows:

	31 December 2020	31 December 2019
Registered share capital (historical values)	50,000,000	50,000,000
Paid-in share capital with nominal value	44,762,708	44,762,708

The compositions of the Company's share capital at 31 December 2020 and 2019 were as follows:

Share owners	31 December 2020		31 December 2019	
	Share (%)	Share amount (TRY)	Share (%)	Share amount (TRY)
Yaşar Holding	58.00	25,961,415	58.00	25,961,415
Halka açık kısım	32.31	14,463,977	32.31	14,463,977
Pınar Süt	8.77	3,927,525	8.77	3,927,525
YBP	0.80	356,973	0.80	356,973
Hedef Ziraat Tic. ve San. A.Ş.	0.09	39,614	0.09	39,614
YDT	0.03	13,204	0.03	13,204
<b>Total share capital</b>	<b>100.00</b>	<b>44,762,708</b>	<b>100.00</b>	<b>44,762,708</b>
Adjustment to share capital		11,713,515		11,713,515
<b>Total paid in capital</b>		<b>56,476,223</b>		<b>56,476,223</b>

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

Inflation adjustment to share capital amounting to TRY11,713,515 (2019: TRY11,713,515) represents the remaining amount after netting-off the accumulated losses of the year 2003 from the difference between restated share capital and historical cost of share capital.

The Company has 4,476,270,800 (2019: 4,476,270,800) units of shares with a face value of Kr1 each as of 31 December 2020.

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

The legal reserves consists of first and second legal reserves appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserves reaches a maximum of 20% of the company's share capital. The second legal reserve is the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid in share capital.

The aforementioned reserves were accounted for under "Restricted Reserves" in accordance with CMB Financial Reporting Standards. The restricted reserves of the Company amount to TRY4,180,008 (2019: TRY4,180,008) as of 31 December 2020.

## CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

### PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş. NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020 (Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

#### NOTE 19 - SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

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

- The difference arising from the "Paid-in Capital" shall be classified as the "Inflation Adjustment to Share Capital" if it is not transferred to capital yet,
- The difference due to the "Restricted Reserves" and "Share Premium" shall be classified as "Retained earnings" if the amount has not been utilised in dividend distribution or capital increase yet. Other equity items shall be carried at the amounts calculated based on CMB Financial Reporting Standards.

Adjustment to share capital has no other use other than being transferred to share capital.

Quoted companies are subject to dividend requirements regulated by the CMB according to II-19.1 no. has enacted since 1 February 2014.

Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and in conformity with relevant legislations. The communique does not state a minimum dividend rate. Companies distribute dividends in accordance with the method defined in their dividend policy or articles of association. Additional, dividend can be distributed in fixed or variable installments and dividends advances can be paid over the profit on interim financial statements.

In line with Article 27 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 amount, 10% of the portion is allocated in order to be distributed to founder shareholders in proportion with their shares. 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.

Unless the general reserves that has to be appropriated in accordance with TCC or the dividend to shareholders as determined in the articles of association or dividend policy are set aside ; no decision can be taken to set aside other reserves, to transfer reserves to be subsequent year or to distribute dividends to holders of usufruct right certificates, to board of directors members or to employees ; and no dividend can be distributed to those unless the determined dividend to shareholders is paid in cash.

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

## CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

### PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD

#### BETWEEN 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

##### NOTE 20 - REVENUE

	1 January - 31 December 2020	1 January - 31 December 2019
Domestic sales	291,804,723	315,285,937
Export sales	46,342,382	41,360,029
Trade goods sales	5,113,602	6,526,114
<b>Gross sales</b>	<b>343,260,707</b>	<b>363,172,080</b>
Less: Discounts	(121,110,639)	(135,653,717)
Return	(2,333,442)	(2,910,969)
<b>Net sales</b>	<b>219,816,626</b>	<b>224,607,394</b>
<b>Cost of sales</b>	<b>(115,113,506)</b>	<b>(122,928,505)</b>
<b>Gross Profit</b>	<b>104,703,120</b>	<b>101,678,889</b>

##### NOTE 21 - GENERAL ADMINISTRATIVE EXPENSES AND MARKETING, SELLING AND DISTRIBUTION EXPENSES

	1 January - 31 December 2020	1 January - 31 December 2019
<b>a) General administrative expenses:</b>		
Personnel	7,417,588	6,590,373
Outsourced services	7,269,186	6,137,676
Consultancy	3,293,504	3,538,235
Depreciation and amortisation	2,437,576	1,811,184
Energy	367,468	502,085
Representation and hospitality	257,886	286,195
Communication	170,923	147,026
Rent	102,184	278,661
Travel	52,144	216,307
Other	2,353,387	2,371,620
	<b>23,721,846</b>	<b>21,879,362</b>
<b>b) Marketing, selling and distribution expenses:</b>		
Transportation and export expenses	27,519,881	31,259,754
Personnel	13,220,799	11,849,249
Outsourced services	9,936,364	4,882,534
Advertising	8,542,186	9,048,971
Amortization and depreciation cost	6,420,042	4,499,275
Export commission	2,384,120	3,326,579
Rent	1,470,740	1,875,494
Consultancy	1,101,002	1,123,877
Repair and Maintenance	1,087,417	1,549,466
Energy	961,169	1,368,671
Other	1,222,715	1,527,594
	<b>73,866,435</b>	<b>72,311,464</b>

# CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

## PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş. NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020 (Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

### NOTE 22 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

	1 January - 31 December 2020	1 January - 31 December 2019
<b>a) Other income from operating activities:</b>		
Foreign exchange gain arising from commercial activities	4,513,491	1,793,516
Interest income due to time difference	166,848	547,835
Scrap sales income	409,863	369,926
Reversal of provision for impairment of receivables	38,603	234,800
Other	1,112,027	1,528,145
	<b>6,240,832</b>	<b>4,474,222</b>
<b>b) Other expense from operating activities:</b>		
Foreign exchange loss arising from commercial activities	(2,816,747)	(3,394,009)
Provision for doubtful receivables	(522,232)	(424,467)
Fees and aid	(417,454)	(141,377)
Maturity difference interest expenses	-	(226)
Provision expense for lawsuits	-	(275,773)
Other (*)	(8,154,352)	(333,238)
	<b>(11,910,785)</b>	<b>(4,569,090)</b>

(\*) Majority of the other expenses arise from extraordinary expenses related to the products sold by the company, incurred after the delivery and incurred due to the damages detected while abroad with the distributor.

### NOTE 23 - INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

	1 January - 31 December 2020	1 January - 31 December 2019
<b>a) Income from investment activities:</b>		
Dividend income	391,590	320,877
Gain on sale of property plant and equipment	180,635	139,582
	<b>572,225</b>	<b>460,459</b>
<b>b) Expense from investment activities:</b>		
Loss on sale of property plant and equipment	(93,936)	(62,505)
	<b>(93,936)</b>	<b>(62,505)</b>



## CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

### PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

#### NOTE 24 - FINANCIAL INCOME AND EXPENSE

##### a) Financial Income:

	1 January - 31 December 2020	1 January - 31 December 2019
Interest income	509,401	1,115,125
Foreign exchange gain	215,113	77,500
	<b>724,514</b>	<b>1,192,625</b>

##### b) Financial Expense:

Interest expense	(37,214,729)	(35,654,284)
Bank commissions and overdue charges	(2,305,259)	(2,441,807)
Foreign exchange loss	(1,379,796)	(1,063,300)
Other	(1,620,185)	(984,105)
	<b>(42,519,969)</b>	<b>(40,143,496)</b>

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

In Turkey, the corporation tax rate for 2019 is 22% (31 December 2019: 22%). The corporate tax rate is applied to the tax base to be found as a result of the addition of expenses that are not allowed to be deducted in accordance with the tax laws, the exemptions (such as participation earnings exception, investment discount exemption etc.) and discounts (such as R&D discount) in the commercial income of the institutions. No other tax is payable unless profit is distributed (except withholding at the rate of 19.8% (2019: 19.8%) calculated and paid over the amount of the exempted benefit in case there is an investment allowance exempted under Article 61 of the Income Tax Law).

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15% (31 December 2019: 15%). An increase in capital via issuing bonus shares is not considered profit distribution and thus does not incur withholding tax.

Corporations are required to pay advance corporation tax quarterly at the rate of 22% (2019: 22%) on their corporate income. Advance tax is declared by 14th (2019: 14th) and payable by the 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, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 25th of the fourth month following the close of the financial year to which they relate.

## CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

### PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş. NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020 (Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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

Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings. Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

There are many exemptions in Corporate Tax Law regarding corporations. Those related to the Company are explained below:

Dividend gains from shares in capital of another corporation subject to resident taxpaying (except dividends from investment funds participation certificates and investment trusts shares) are exempt from corporate tax.

According to the Law No. 5520 on Corporate Income Tax, 50% of the income derived from the sales of the real estates which are included in the assets of the institutions for at least two full years are exempted from the corporation tax starting from 5 December 2017. In order to benefit exclusively, the earning must be kept in a passive fund account and not withdrawn for 5 years. The sales price must be collected by the end of the second calendar year following the year of sale.

75% of the profits from sale of preferential right certificates and share premiums generated from sale of shares at a price exceeding face values of those shares during incorporations or capital increases of joint stock companies are exempt from corporate tax.

Accordingly, the aforementioned gains/(losses) which have been included in trade profit/(loss) have been taken into consideration in calculation of Company's corporate tax.

Apart from the exemptions mentioned in the preceding paragraphs, the deductions granted in 14th and recurring 8th articles of Corporate Tax Law and 40 th article of the Income Tax Law together with the 10th article of Corporate Tax Law have been taken into consideration in calculation of the Company's corporate tax.

#### *Transfer Pricing*

Corporations should set the prices in accordance with the arm's length principle while entering into transactions regarding the sale or purchase of goods and services with related parties. Under the arm's length principle within the new legislation related parties must set the transfer prices for purchase and sale of goods and services as if they would have been agreed between third parties. Depending on the circumstances, a choice of accepted methods in aforementioned law of arm's length transaction has to be made by corporations for transactions with related parties. Corporations should keep the documentary evidence within the company representing how arm's length price has been determined and the methodology that has been chosen by use of any fiscal records and calculations in case of any request by tax authorities. Besides, corporations must report transactions with related parties in a fiscal period.

If a taxpayer enters into transactions regarding the sale or purchase of goods and services with related parties, where the prices are not set in accordance with the arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. The profit distributed in a disguised manner through transfer pricing completely or partially, will be assessed as distributed profit share or transferred amount to headquarter for limited taxpayers. After the distributed profit share is considered as net profit share and complemented to gross amount, deemed profit will be subject to corporate tax. Previous taxation processes will be revised accordingly by taxpayer who distributes disguised profit. In order to make adjustments in this respect, the taxes assessed in the name of the company distributing dividends in a disguised manner must be finalised and paid.

## CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

### PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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

Taxes on income for the years 1 January- 31 December 2020 and 2019 are summarised as follow:

	1 January - 31 December 2020	1 January - 31 December 2019
Deferred tax income/(expenses)	654,833	(1,291,397)
<b>Taxation on income/(expenses)</b>	<b>654,833</b>	<b>(1,291,397)</b>

Reconciliation of taxation on income is as follows:

<b>Loss before tax</b>	<b>(40,512,140)</b>	<b>(31,460,448)</b>
Tax calculated at rates applicable to the loss	8,912,671	6,921,299
Tax losses for which no deferred income tax asset was recognized(8,768,608)	(8,311,337)	
Deductable incomes	426,352	181,311
Non-deductable expenses	(572,414)	(391,779)
Other	656,832	309,109
<b>Total tax income/(expense)</b>	<b>654,833</b>	<b>(1,291,397)</b>

#### Deferred taxes

The Company recognises deferred income tax assets and liabilities based upon temporary differences arising between their financial statements as reported under the statutory tax financial statements. (2019: 22%).

The Law regarding amendments on Certain Tax Laws was approved in the Parliament on 28 November 2017 and the Law was published in the Official Gazette on 5 December 2017. Accordingly, the corporate income tax rate for all companies will be increased from 20% to 22% for the years 2018, 2019 and 2020. Therefore, deferred tax assets and liabilities shall be measured at the tax rate of 22% that are expected to apply to these periods when the assets is realised or the liability is settled, based on the Law that have been enacted. For the periods 2021 and after, the reversals of temporary differences will be measured by 20%.

# CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

## PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş. NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020 (Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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

Details of cumulative temporary differences and the resulting deferred income tax assets and liabilities provided as of 31 December 2020 and 2019 were as follows:

	Cumulative temporary differences		Deferred income tax assets/(liabilities)	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Revaluation of land, land improvements, buildings, machinery and equipment	174,555,247	95,461,786	(33,350,276)	(17,733,784)
Difference between carrying value (excluding revaluation reserve) and tax bases of property, plant and equipment and intangible assets	4,941,428	4,802,873	(986,408)	(958,697)
Deducted accumulated loss	-	-	-	-
Deduction of investment incentive (*)	(56,743,546)	(56,743,546)	9,498,709	9,498,709
Provision for employment termination benefits	(3,124,305)	(2,869,561)	624,861	573,912
Difference between carrying value and tax bases of available-for-sale investments	6,386,964	(4,523,706)	(1,001,824)	308,766
Other	(2,181,947)	(1,456,507)	436,389	291,301
<b>Deferred tax assets</b>			<b>10,559,959</b>	<b>10,672,688</b>
<b>Deferred tax liabilities</b>			<b>(35,338,508)</b>	<b>(18,692,481)</b>
<b>Deferred tax assets/(liabilities) - net</b>			<b>(24,778,549)</b>	<b>(8,019,793)</b>

(\*) (31 December 2020: TRY9,468,709) deferred tax asset The contribution of the Ministry of Economy to investment incentives is 20% for 2013, 15% for 2015 and 2016, 20% for 2018, and %22 for 2019 respectively (Note 13).

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

<b>1 January</b>	<b>(8,019,792)</b>	<b>(2,723,344)</b>
Credited to statement of comprehensive income	654,833	(1,291,397)
Charged to actuarial loss arising from defined benefit plans	409,602	190,015
Charged to fair value reserve of available-for-sale investments	(1,310,591)	(258,635)
Revaluation of property, plant and equipment	(16,512,601)	(3,936,431)
<b>31 December</b>	<b>(24,778,549)</b>	<b>(8,019,792)</b>

## CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

### PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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

As of 31 December 2020 and 2019, in line with the precautionary principle of accounting, the last usage years of the financial losses that can be deducted for which deferred tax assets are not calculated are as follows:

Expiration years	31 December 2020	31 December 2019
2021	14,107,253	14,107,253
2022	8,208,664	8,208,664
2023	16,196,006	16,196,006
2024	26,731,994	26,731,994
2025	34,273,434	-
	<b>99,517,351</b>	<b>65,243,917</b>

##### NOTE 26 - LOSS PER SHARE

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

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

		1 January - 31 December 2020	1 January - 31 December 2019
Net loss for year	A	(39,857,307)	(32,751,845)
Weighted average number of ordinary shares issued with a nominal value of 1 Kr	B	4,476,270,800	4,476,270,800
<b>Loss per 100 shares with a Kr1 face value</b>	<b>A/B</b>	<b>(0,8904)</b>	<b>(0,7317)</b>

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



# CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

## PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş. NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020 (Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

### NOTE 27 - FINANCIAL INSTRUMENTS

#### Financial assests at fair value through other comprehensive income:

	31 December 2020		31 December 2019	
Financial assests at fair value				
through other comprehensive income		14,867,852		7,544,201
		<b>14,867,852</b>		<b>7,544,201</b>
	<b>31 December 2020</b>		<b>31 December 2019</b>	
	<b>Carrying amount</b>	<b>Share</b>	<b>Carrying amount</b>	<b>Share</b>
	<b>(TRY)</b>	<b>(%)</b>	<b>(TRY)</b>	<b>(%)</b>
Viking Kağıt	6,396,924	1.69	1,329,139	1.69
Desa Enerji	6,079,326	6.07	4,849,344	6.07
YDT	2,391,602	0.93	1,365,718	0.93
	<b>14,867,852</b>		<b>7,544,201</b>	

Viking Kağıt is stated at quoted market prices as it is listed on BIST; YDT and Desa Enerji are stated at their fair values which are determined based on the discounted cash flows by using the market interest rates and the risk premium specific to unlisted companies within the related sectors. As of 31 December 2020, nominal discount and growth rates were used in the fair value calculations.

The discount and growth rates used in discounted cash flow models as at 31 December 2020 and 2019 are as follows:

	Discount rate		Growth rate	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
YDT	18.76%	19.01%	1%	1%
Desa Enerji	17.92%	18.41%	2%	1%

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

	2020	2019
<b>1 January</b>	<b>7,544,201</b>	<b>4,663,944</b>
<b>Fair value (decrease)/ increase</b>		
<b>Participation of Desa Enerji to capital increase</b>	<b>(607,143)</b>	<b>-</b>
Viking Kağıt	5,067,785	547,293
Desa Enerji	1,837,125	2,116,108
YDT	1,025,884	216,856
<b>31 December</b>	<b>14,867,852</b>	<b>7,544,201</b>

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

## CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

### PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

##### NOTE 27 - FINANCIAL INSTRUMENTS (Continued)

	2020	2019
<b>1 January</b>	<b>4,209,875</b>	<b>1,588,253</b>
Increase in fair value	7,930,794	2,880,257
Deferred income tax on fair value reserves of available-for-sale investments	(1,310,590)	(258,635)
<b>31 December</b>	<b>10,830,079</b>	<b>4,209,875</b>

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

##### NOTE 28 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow, fair value interest rate risk), capital risk, credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

Risk management is carried out by the senior management and finance department of the Company under policies approved by Board of Directors. The Board of Directors provides principles for overall risk management as well as policies covering specific areas, such as foreign exchange risk, interest rate risk and capital risk and closely monitors financial and operational risks.

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

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

##### a) Credit risk:

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements and in turn credit risk arises from cash and cash equivalents, deposits in banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. These risks are monitored by credit ratings and limiting the aggregate risk to any individual counter party and receiving guarantees when required. The Company's exports are realised by its related party, YDT and the related export receivables are monitored by YDT. The following tables analyse the Company's credit risk as of 31 December 2020 and 2019:

# CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

## PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş. NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020 (Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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

31 December 2020:

	Receivables					
	Trade Receivables (1)		Other Receivables		Bank Deposits	Total
	Related Parties	Third Parties	Related Parties	Third Parties		
Maximum amount of credit risk exposed as of reporting date (A+B+C+D+E) (2)	7,900,482	23,679,848	-	1,885,511	6,129,564	39,595,405
- The part of maximum credit risk covered with guarantees	-	11,851,760	-	-	-	11,851,760
A. Net book value of financial assets not due or not impaired	7,484,954	20,411,757	-	1,885,511	6,129,564	35,911,786
B. Net book value of financial assets whose conditions are renegotiated, otherwise will be classified as past due or impaired	-	-	-	-	-	-
C. Net book value of assets past due but not impaired (3)	415,528	3,268,091	-	-	-	3,683,619
- The part covered by guarantees etc	-	1,245,702	-	-	-	1,245,702
D. Net book value of assets impaired	-	-	-	-	-	-
- Past due (gross book value)	-	4,007,288	-	-	-	4,007,288
- Impairment amount (-)	-	(4,007,288)	-	-	-	(4,007,288)
- The part of net value covered with guarantees etc	-	-	-	-	-	-
- Not due (gross book value)	-	-	-	-	-	-
- Impairment amount (-)	-	-	-	-	-	-
- The part of net value covered with guarantees etc	-	-	-	-	-	-
E. Off balance items exposed to credit risk	-	-	-	-	-	-

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

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

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

## CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

### PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD

#### BETWEEN 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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

31 December 2019:

31 December 2019:	Receivables					
	Trade Receivables (1)		Other Receivables		Bank Deposits	Total
	Related	Third	Related	Third		
	Parties	Parties	Parties	Parties		
Maximum amount of credit risk exposed as of reporting date (A+B+C+D+E) (2)	9,652,409	24,394,485	-	5,188,953	3,265,144	42,500,991
- The part of maximum credit risk covered with guarantees	-	4,953,487	-	-	-	4,953,487
A. Net book value of financial assets not due or not impaired	8,923,596	19,348,563	-	5,188,953	3,265,144	36,726,256
B. Net book value of financial assets whose conditions are renegotiated, otherwise will be classified as past due or impaired	-	-	-	-	-	-
C. Net book value of assets past due but not impaired (3)	728,813	5,045,922	-	-	-	5,774,735
- The part covered by guarantees etc	-	1,365,369	-	-	-	1,365,369
D. Net book value of assets impaired	-	-	-	-	-	-
- Past due (gross book value)	-	3,523,659	-	-	-	3,523,659
- Impairment amount (-)	-	(3,523,659)	-	-	-	(3,523,659)
- The part of net value covered with guarantees etc	-	-	-	-	-	-
- Not due (gross book value)	-	-	-	-	-	-
- Impairment amount (-)	-	-	-	-	-	-
- The part of net value covered with guarantees etc	-	-	-	-	-	-
E. Off balance items exposed to credit risk	-	-	-	-	-	-

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

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

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

# CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

## PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş. NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020 (Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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

31 December 2020	Receivables		Total
	Trade Receivables	Other Receivables	
1 - 30 days overdue	3,130,014	-	3,130,014
1 - 3 months overdue	377,223	-	377,223
3 - 12 months overdue	176,382	-	176,382
The part covered by guarantees	(1,437,498)	-	(1,437,498)
	<b>3,683,619</b>	<b>-</b>	<b>3,683,619</b>

31 December 2019	Receivables		Total
	Trade Receivables	Other Receivables	
1 - 30 days overdue	3,254,070	-	3,254,070
1 - 3 months overdue	842,005	-	842,005
3 - 12 months overdue	949,847	-	949,847
The part covered by guarantees	(1,365,369)	-	(1,365,369)
	<b>5,045,922</b>	<b>-</b>	<b>5,045,922</b>

#### b) Liquidity risk:

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

The ability to fund the existing and prospective debt requirements is managed by maintaining the availability of fund providers' lines from high quality lenders. In order to maintain liquidity, the Company management closely monitors the collection of trade receivables on time in order to and to prevent any financial burden that may result from late collections and arranges cash and non-cash credit lines with banks for the use of the Company.

The Company's liquidity analysis in respect of categories of financial liabilities as of 31 December 2020 and 2019 are as follows.



## CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

### PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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

##### 31 December 2020:

	Book value	Total cash outflows per agreement (=I+II+III)	Less than 3 months (I)	3 - 12 months (II)	1 - 5 years (III)
<b>Contract terms:</b>					
<b>Non-derivative financial liabilities</b>					
Bank Borrowings	200,714,487	218,909,037	83,222,600	101,966,544	33,719,893
Trade Payables	53,690,420	53,690,420	48,921,365	4,769,055	-
Other Payables	21,771,639	21,771,639	21,771,639	-	-
Borrowings from leases	31,513,047	45,056,636	3,482,749	17,813,362	23,760,525
	<b>307,689,593</b>	<b>339,427,732</b>	<b>157,398,353</b>	<b>124,548,961</b>	<b>57,480,418</b>

##### 31 December 2019:

	Book value	Total cash outflows per agreement (=I+II+III)	Less than 3 months (I)	3 - 12 months (II)	1 - 5 years (III)
<b>Contract terms:</b>					
<b>Non-derivative financial liabilities</b>					
Bank Borrowings	186,573,178	207,793,205	85,310,426	16,251,584	106,231,195
Trade Payables	50,404,008	53,117,529	38,974,487	11,429,521	2,713,522
Other Payables	23,003,597	23,003,597	23,003,597	-	-
	<b>259,980,783</b>	<b>283,914,331</b>	<b>147,288,510</b>	<b>27,681,105</b>	<b>108,944,717</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 TRY of foreign currency denominated assets and liabilities. These risks are monitored by analyses of the foreign currency position. Current risks are discussed by the Audit Committee and Board of Director's meetings regularly and the foreign exchange rates relevant to the foreign currency position of the Company are followed up.

# CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

## PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş. NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020 (Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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

	Foreign Currency Position							
	31 December 2020				31 December 2019			
	TRY Equivalent	USD	EUR	Other TRY Equivalent	TRY Equivalent	USD	EUR	Other TRY Equivalent
1. Trade Receivables	17,678,946	121,345	1,326,696	4,837,469	8,181,042	189,961	709,616	2,333,260
2a. Monetary Financial Assets (Cash, Bank accounts included)	-	-	-	-	-	-	-	-
2b. Non-Monetary Financial Assets	-	-	-	-	-	-	-	-
3. Other	552	-	61	-	15,704	-	2,361	-
<b>4. Current Assets (1+2+3)</b>	<b>17,679,498</b>	<b>121,345</b>	<b>1,326,757</b>	<b>4,837,469</b>	<b>8,196,746</b>	<b>189,961</b>	<b>711,977</b>	<b>2,333,260</b>
5. Trade Receivables	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	-	-	-	-
8. Non-Current Assets (5+6+7)	-	-	-	-	-	-	-	-
<b>9. Total Assets (4+8)</b>	<b>17,679,498</b>	<b>121,345</b>	<b>1,326,757</b>	<b>4,837,469</b>	<b>8,196,746</b>	<b>189,961</b>	<b>711,977</b>	<b>2,333,260</b>
10. Trade Payables	19,207,956	2,017,501	473,008	137,684	21,801,402	2,433,973	865,857	1,584,644
11. Financial Liabilities	-	-	-	-	29,701,000	5,000,000	-	-
12a. Monetary Other Liabilities	-	-	-	-	-	-	-	-
12b. Non-Monetary Other Liabilities	-	-	-	-	-	-	-	-
<b>13. Short Term Liabilities (10+11+12)</b>	<b>19,207,956</b>	<b>2,017,501</b>	<b>473,008</b>	<b>137,684</b>	<b>51,502,402</b>	<b>7,433,973</b>	<b>865,857</b>	<b>1,584,644</b>
14. Trade Payables	-	-	-	-	2,660,237	-	400,000	-
15. Financial Liabilities	-	-	-	-	-	-	-	-
16a. Monetary Other Liabilities	-	-	-	-	-	-	-	-
16b. Non-Monetary Other Liabilities	-	-	-	-	-	-	-	-
<b>17. Long Term Liabilities (14+15+16)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,660,237</b>	<b>-</b>	<b>400,000</b>	<b>-</b>
<b>18. Total Liabilities (13+17)</b>	<b>19,207,956</b>	<b>2,017,501</b>	<b>473,008</b>	<b>137,684</b>	<b>54,162,639</b>	<b>7,433,973</b>	<b>1,265,857</b>	<b>1,584,644</b>
<b>19. Net Asset/ (Liability) Position of Off Balance Sheet</b>								
Derivative Instruments (19a-19b)	-	-	-	-	-	-	-	-
<b>19a. Amount of Asset Nature Off-Balance Sheet</b>								
Derivative Instruments	-	-	-	-	-	-	-	-
<b>19b. Amount of Liability Nature Off-Balance Sheet</b>								
Derivative Instruments	-	-	-	-	-	-	-	-
<b>20. Net Foreign Asset/ Liability Position (9+18+19)</b>	<b>(1,528,458)</b>	<b>(1,896,156)</b>	<b>853,749</b>	<b>4,699,785</b>	<b>(45,965,898)</b>	<b>(7,244,012)</b>	<b>(553,880)</b>	<b>748,616</b>
<b>21. Net Foreign Currency Asset/ (Liability) Position of Monetary Items (UFRS 7.B23)</b>								
(=1+2a+5+6a-10-11-12a-14-15-16a)	(1,529,010)	(1,896,156)	853,688	4,699,785	(45,981,600)	(7,244,012)	(556,241)	748,616
<b>22. Total Fair Value of Financial Instruments Used for Foreign Currency Hedging</b>								
23. Export	46,342,382	858,472	1,536,782	26,197,590	42,494,453	1,073,775	1,890,913	23,540,312
24. Import	546,195	-	60,635	-	1,771,302	-	266,337	-

## CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

### PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD

#### BETWEEN 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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

31 December 2020

Table of Sensitivity Analysis for Foreign Currency Risk

	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
<b>Change of USD by 10% against TRY:</b>				
1- Asset/Liability denominated in USD	(1,391,873)	1,391,873	(1,391,873)	1,391,873
2- The part of USD risk hedged (-)	-	-	-	-
<b>3- USD Effect - net (1+2)</b>	<b>(1,391,873)</b>	<b>1,391,873</b>	<b>(1,391,873)</b>	<b>1,391,873</b>
<b>Change of EUR by 10% against TRY:</b>				
4- Asset/Liability denominated in EUR	769,049	(769,049)	769,049	(769,049)
5- The part of EUR risk hedged (-)	-	-	-	-
<b>6- EUR Effect - net (4+5)</b>	<b>769,049</b>	<b>(769,049)</b>	<b>769,049</b>	<b>(769,049)</b>
<b>Change of other currencies by 10% against TRY:</b>				
7- Assets/Liabilities denominated in other foreign currencies	469,979	(469,979)	469,979	(469,979)
8- The part of other foreign currency risk hedged (-)	-	-	-	-
<b>9- Other Foreign Currency Effect - net (7+8)</b>	<b>469,979</b>	<b>(469,979)</b>	<b>469,979</b>	<b>(469,979)</b>
<b>TOTAL (3+6+9)</b>	<b>(152,845)</b>	<b>152,845</b>	<b>(152,845)</b>	<b>152,845</b>

# CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

## PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş. NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020 (Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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

31 December 2019

Table of Sensitivity Analysis for Foreign Currency Risk

	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
<b>Change of USD by 10% against TRY:</b>				
1- Asset/Liability denominated in USD	(4,303,088)	4,303,088	(4,303,088)	4,303,088
2- The part of USD risk hedged (-)	-	-	-	-
<b>3- USD Effect - net (1+2)</b>	<b>(4,303,088)</b>	<b>4,303,088</b>	<b>(4,303,088)</b>	<b>4,303,088</b>
<b>Change of EUR by 10% against TRY:</b>				
4- Asset/Liability denominated in EUR	(368,363)	368,363	(368,363)	368,363
5- The part of EUR risk hedged (-)	-	-	-	-
<b>6- EUR Effect - net (4+5)</b>	<b>(368,363)</b>	<b>368,363</b>	<b>(368,363)</b>	<b>368,363</b>
<b>Change of other currencies by 10% against TRY:</b>				
7- Assets/Liabilities denominated in other foreign currencies	74,862	(74,862)	74,862	(74,862)
8- The part of other foreign currency risk hedged (-)	-	-	-	-
<b>9- Other Foreign Currency Effect - net (7+8)</b>	<b>74,862</b>	<b>(74,862)</b>	<b>74,862</b>	<b>(74,862)</b>
<b>TOTAL (3+6+9)</b>	<b>(4,596,589)</b>	<b>4,596,589</b>	<b>(4,596,589)</b>	<b>4,596,589</b>

## CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

### PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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

##### ii) Interest risk

The Company is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities.

	Interest Rate Position Schedule	
	31 December 2020	31 December 2019
<b>Financial instruments with fixed interest rate</b>		
Financial assets	39,632,035	42,534,309
Financial liabilities	307,689,593	257,320,547

##### **Financial instruments with floating interest rate**

Financial liabilities	1,491,366	2,239,952
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##### iii) Price risk

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

##### d) Capital risk management:

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

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

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

	31 December 2020	31 December 2019
Total financial liabilities	232,227,534	186,573,178
Less: Cash and cash equivalents (Note 5)	(6,166,993)	(3,298,440)
Net debt	226,060,541	183,274,738
Total equity	83,835,557	51,690,664
<b>Debt/equity ratio</b>	<b>270%</b>	<b>355%</b>



## CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

### PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş. NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020 (Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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

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

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

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

##### **Financial Assets**

The fair values of balances denominated in foreign currencies, which are translated at year-end exchange rates, are considered to approximate to their carrying values. Cash and cash equivalents are carried at their fair values. The fair values of trade receivables and due from related parties, are considered to approximate their respective carrying values due to their short-term nature. The cost of financial assets available for sale investments less, if any, impairments are considered to approximate their fair values.

##### **Financial Liabilities**

Fair values of bank borrowings are disclosed in Note 14.

Trade payables, payables to related parties and other monetary liabilities are estimated to be presented with their discounted carrying amounts and they are considered to approximate to their fair values and the fair values of balances denominated in foreign currencies, which are translated at year-end exchange rates, are considered to approximate carrying values.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

## CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

### PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD

#### BETWEEN 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2020 and 2019:

##### 31 December 2020

	Level 1	Level 2	Level 3 (*)	Total
Financial investments	6,396,924	-	8,470,928	14,867,852
<b>Total assets</b>	<b>6,396,924</b>	<b>-</b>	<b>8,470,928</b>	<b>14,867,852</b>

##### 31 December 2019

	Level 1	Level 2	Level 3 (*)	Total
Financial investments	1,329,139	-	6,215,062	7,544,201
<b>Total assets</b>	<b>1,329,139</b>	<b>-</b>	<b>6,215,062</b>	<b>7,544,201</b>

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

The non-financial assets of the Company calculated at their fair values as of 31 December 2020 and 2019 are as follows:

##### 31 December 2020

	Level 1	Level 2	Level 3	Total
<b>Property, Plant and Equipment:</b>				
Land	-	18,795,000	-	18,795,000
Buildings and land improvements	-	74,565,017	-	74,565,017
Machinery and equipment	-	179,048,106	-	179,048,106
<b>Total assets</b>	<b>-</b>	<b>272,408,123</b>	<b>-</b>	<b>272,408,123</b>

##### 31 December 2019

	Level 1	Level 2	Level 3	Total
<b>Property, Plant and Equipment:</b>				
Land	-	17,100,000	-	17,100,000
Buildings and land improvements	-	71,750,000	-	71,750,000
Machinery and equipment	-	115,449,342	-	115,449,342
<b>Total assets</b>	<b>-</b>	<b>204,299,342</b>	<b>-</b>	<b>204,299,342</b>

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**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH****PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD**  
**BETWEEN 1 JANUARY - 31 DECEMBER 2020**  
(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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**NOTE 30 - SUBSEQUENT EVENTS**

At the meeting of the Board of Directors of our Company on 3 February 2021, the registered capital ceiling of 50,000,000 TRY stated in the 6th article of the Company's Articles of Association was increased to 220,000,000 TRY, since the 5-year validity period will expire at the end of 2021, the validity period of the registered capital ceiling will cover the years 2021-2025. It has been decided to amend Article 6 of the Company's Articles of Association, titled "Registered Capital", to obtain the necessary permissions from the Capital Markets Board and the Ministry of Commerce and to submit the issue to the approval of our shareholders at the first General Meeting to be held.

The mentioned draft amendment to the articles of association was approved by the CMB on 11 February 2021, and it is envisaged to be submitted for the approval of the shareholders at the first General Assembly meeting to be held following the permission of the Ministry of Commerce of the Republic of Turkey.

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# INFORMATION FOR INVESTORS

## Stock Market

The shares of Pınar Su ve İçecek Sanayi ve Ticaret A.Ş. are traded on the Borsa İstanbul Primary Market under the symbol PINSU.

Public Offering Date: 28.08.1987 (first transaction date)

## Ordinary General Meeting

In line with the decision taken by the Board of Directors of Pınar Su ve İçecek Sanayi ve Ticaret A.Ş., the Ordinary General Assembly meeting of the Company will be held on Thursday, March 25, 2021, at 10.00 at the Pınar Süt Factory in Yunus Emre Mah. Kemalpaşa Cad. No.317 Bornova/İZMİR.

## Dividend Distribution Policy

The Dividend Distribution Policy for 2013 and subsequent years prepared in line with the Capital Market Legislation of Pınar Su ve İçecek Sanayi ve Ticaret A.Ş. was submitted for the approval of the 2013 Ordinary General Assembly and disclosed to the public, and this information is available on the corporate website ([www.pinar.com.tr](http://www.pinar.com.tr)) on the investor relations page both in Turkish and English.

At the Board of Directors Meeting of our company dated 01.03.2021, it was decided to submit for the approval of the Ordinary General Assembly the decision not to distribute dividends due to the fact that the activities of 2020 have resulted in a loss.

## Investor Relations

Pınar Su ve İçecek Sanayi ve Ticaret A.Ş.  
Investor Relations Department  
Kemalpaşa Mah. Kemalpaşa Cad. No.262 Bornova - İzmir  
Phone: (232) 436 52 50 and (232) 495 00 00 Fax: (232) 484 17 89  
E-mail: [investorrelations@pinarsu.com.tr](mailto:investorrelations@pinarsu.com.tr)

To access Pınar Su investor relations website:



## Performance of Pınar Su Stock

