



# PINAR SU VE İÇECEK

## ANNUAL REPORT

### 2021



for a better life

**Relevant Accounting Period of the Report**

01.01.2021 – 31.12.2021

**Trade Name**

Pınar Su ve İçecek Sanayi ve Ticaret A.Ş.

**Trade Registry and Number**

Izmir Trade Registry 45707-K-2016

**Registered Equity Ceiling**

TRY 220,000,000

**Issued Capital**

TRY 94,762,708.45

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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)

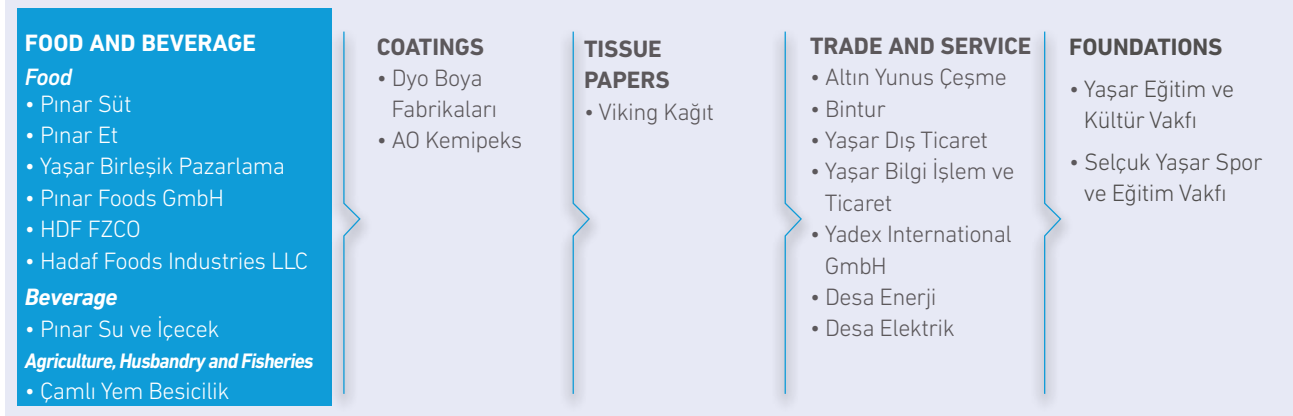


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# One of the Hard Working, Producing, and Leading Groups of Turkey...



The Yaşar Group, the foundations of which were laid in the initial years of the Republic of Turkey with the "Durmuş Yaşar Müessesesi," has acted under the principle of "working, producing, and providing benefit to its country without interruption" since its establishment, adding value to the Turkish economy, society, environment, quality of life and human health for the past 77 years. One of the leading industrial groups of the Turkish economy with 21 companies operating in the food and beverage, coatings, tissue papers, tourism, information technologies, foreign trade, and energy business lines, with 25 factories and facilities, 2 foundations, 7,500 employees, and over 1,000 dealerships and 200,000 sales points, the Yaşar Group works with the mission of providing "quality products and services that add value to consumers' lives with its reliable brands." The Group continues its work to create value for Turkey and the world, and offer a better life to all its stakeholders with its corporate values of Our Consumers and Customers Come First, Operational Excellence, Human Resources, Ethical Stance, and Environmental and Social Responsibility.

## Leading Brands in Different Industries

Pınar and DYO are among the top brands in Turkey's "brands most known by consumers," listing with their leading brands in the food, beverage, and coatings industries, the main business lines of Yaşar Group. The Group focuses on consumers and customers, has adopted the principle of providing the highest quality products and services, and has established strong ties with business partners. 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 proudly bears the title of "the pioneer of the firsts" with the sectors, brands, and products it has brought to Turkey.

- The first paint factory and brand, DYO
- The first private industrial dairy factory by international standards, PINAR SÜT
- The first premium-class holiday village with 1,100 beds, ALTIN YUNUS ÇEŞME

- The first private industrial paper mill, VIKING KAĞIT
- The first natural spring water offered in disposable packaging, PINAR SU
- 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 BESİCİLİK

## An Approach That Values the Environment and Society

Monitoring the impacts of its operations with a sense of responsibility towards nature and the planet and recognizing the minimizing of such impacts among its core goals, the Yaşar Group continues to work in compliance with all laws and regulations with the responsibility of creating responsible individuals and institutions by aligning all its stakeholders to its sustainability approach. The Yaşar Group, which focuses on environmental and social sustainability and economic sustainability, continues to support education, sports, culture, and the arts with long-term corporate social responsibility projects implemented through its companies and foundations.

Yaşar University, one of the foremost educational investments of the Group, is on its way to becoming one of the most successful universities in Turkey with its quality of education, experienced academic staff, and the facilities it provides to its students.

The Yaşar Group became a voluntary participant of the United Nations (UN) Global Compact network on 12 November 2007. It has been reporting its sustainability performance since 2009. Also, it supports women's participation in working life with the appropriate gender policies within the scope of the "CEO Statement of Support" for the UN Women's Empowerment Principles signed in 2012.

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).



Dear Stakeholders,

We have concluded another year of extraordinary developments in which we were again affected by the pandemic. The year 2021 was one in which we experienced an untimely loss in the Yaşar Group. We are deeply saddened by the loss of our brother Mustafa Selim Yaşar. And we will continue to grow the Yaşar Group with the ideals we have created together.

Our goal is to add value both to production and daily life under all circumstances. As the Company that introduced Turkey to packaged water, we have gained strength over the past 38 years through our successful activities, innovative approach, and product offerings that deliver precisely what our consumers want and expect from the beverage market.

In 2021, we achieved a sales tonnage of 442 thousand tons and net sales of TRY 323.2 million. With 50 thousand tons of exported products, we posted revenue of USD 5.4 million and a gross profit of USD 123.7 million.

The creation of lasting social value per our sustainable strategy is the main factor underpinning Pınar Su ve İçecek's success. In achieving this, our motivation is to provide an excellent customer experience. And on our journey that began with water, we have followed industrial trends with our presence in the market across many categories ranging from mineral water to lemonade and from fruit-flavored carbonated drinks to functional water. Our main strength is our R&D infrastructure that supports innovation, enabling us to develop products and services that respond to changing lifestyles.

Our innovative products give us the ability to respond to changing expectations, such as the increased importance of healthy nutrition, decreased sugar consumption, and

## Message from the Chairperson of the Board

the rising popularity of the vegan diet. Pınar Frii, which attracts great attention from consumers as a sugar-free and vegan drink rich in vitamins, is the best example.

We demonstrate our uniqueness as a company at home and abroad. And with 100% Turkish capital, we stand out among international companies that operate in the Turkish market. Our export destinations reached 25 countries with the addition of the US, Israel, Palestine, Hungary, Bulgaria, and Libya. We are one of the leading Turkish companies in total water exports with a share of 13.8%.

Despite the challenges and uncertainty arising from the pandemic, we have continued to deliver products to our consumers without interruption. In 2021 our digital infrastructure investments took center stage. We continue to provide our customers a fast, easy, and excellent experience with our mobile ordering application, call center, website, and widespread dealer network.

We are the first company in Turkey to produce natural spring water and beverages with Carbon Neutral Certified packaging. And while our product range is increasing, we have achieved water and energy efficiency with our sustainability and efficiency-driven projects. Thanks to our technology investments and R&D efforts, we have managed to reduce the packaging weight of PET bottles while prioritizing reusable and recyclable product packaging. Our greenhouse gas reduction efforts have resulted in a 32% reduction in greenhouse gas emissions compared to the base year of 2010.

We comply with food safety, environmental protection, and occupational health and safety standards at every stage of our business process, which starts with the water supply at the source, and we ensure a high level of customer satisfaction with our quality criteria applied at every step from supply to distribution.

Consumers today evaluate brands and products not only by their quality but also by their contribution to economic, environmental, and social sustainability. And with the culture and traditions of our Group set in place at its foundation, we, too, touch almost every segment of society in a spirit of love and good health. Together with our stakeholders, we will continue to offer a better life and help create a beautiful future. I thank all our employees, shareholders, dealers, and business partners who have contributed to Pınar Su ve İçecek.

Respectfully Yours,

**E. Feyhan Yaşar**  
Yönetim Kurulu Başkanı

## Board of Directors



**E. FEYHAN YAŞAR**  
CHAIRPERSON OF THE BOARD  
OF DIRECTORS



**İDİL YİĞİTBAŞI**  
VICE CHAIRPERSON OF THE BOARD  
OF DIRECTORS



**MUSTAFA SELİM YAŞAR\***  
BOARD MEMBER



**SEZAİ BEKGÖZ**  
INDEPENDENT BOARD MEMBER



**YEŞİM GÜRA**  
INDEPENDENT BOARD MEMBER



**YILMAZ GÖKOĞLU**  
BOARD MEMBER

### Limits of Authority:

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



**CENGİZ EROL**  
BOARD MEMBER



**MEHMET AKTAŞ**  
BOARD MEMBER

\* Mr. Mustafa Selim Yaşar passed away on 2 September 2021.

\*\*Resumes of the Board of Directors are available on pages 39-40.

# Senior Management and Committees

## BOARD OF DIRECTORS AND TENURES

NAME AND LAST NAME	TITLE	TERM OF OFFICE
E. FEYHAN YAŞAR	CHAIRPERSON OF THE BOARD OF DIRECTORS	25.03.2021 - 25.03.2022
İDİL YİĞİTBAŞI	VICE CHAIRPERSON OF THE BOARD OF DIRECTORS	25.03.2021 - 25.03.2022
MUSTAFA SELİM YAŞAR*	BOARD MEMBER	25.03.2021 - 02.09.2021
SEZAİ BEKGÖZ	INDEPENDENT BOARD MEMBER	25.03.2021 - 25.03.2022
YEŞİM GÜRA	INDEPENDENT BOARD MEMBER	25.03.2021 - 25.03.2022
YILMAZ GÖKOĞLU	BOARD MEMBER	25.03.2021 - 25.03.2022
CENGİZ EROL	BOARD MEMBER	25.03.2021 - 25.03.2022
MEHMET AKTAŞ	BOARD MEMBER	24.02.2022 - 25.03.2022

[\*] Mr. Mustafa Selim Yaşar passed away on 2 September 2021.

### Corporate Governance Rating:

Pınar Su ve İçecek's corporate governance rating was confirmed as 9.54 out of 10 in 2021.

## SENIOR MANAGEMENT

NAME LAST NAME	POSITION
HÜSEYİN KARAMEHMETOĞLU	GENERAL MANAGER
UFUK ATİK**	ACTING DIRECTOR OF FINANCIAL AFFAIRS AND FINANCE

## AUDIT COMMITTEE

NAME LAST NAME	POSITION
SEZAİ BEKGÖZ	HEAD OF COMMITTEE
YEŞİM GÜRA	MEMBER

## CORPORATE MANAGEMENT COMMITTEE

NAME LAST NAME	POSITION
YEŞİM GÜRA	HEAD OF COMMITTEE
SEZAİ BEKGÖZ	MEMBER
CENGİZ EROL	MEMBER
ONUR ÖZTÜRK	MEMBER

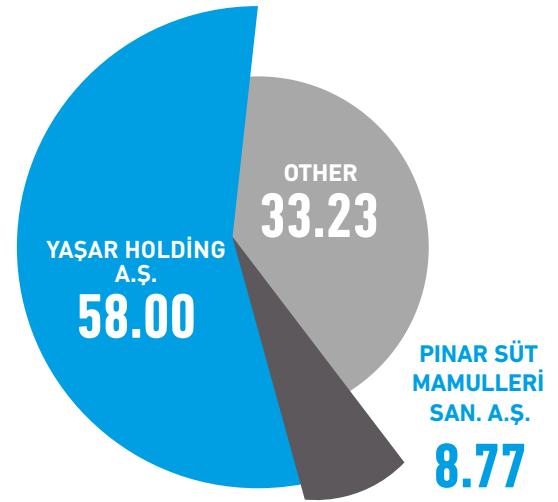
## EARLY DETECTION OF RISK COMMITTEE

NAME LAST NAME	POSITION
SEZAİ BEKGÖZ	HEAD OF COMMITTEE
YEŞİM GÜRA	MEMBER
YILMAZ GÖKOĞLU	MEMBER
CENGİZ EROL	MEMBER

[\*\*] Mr. Ufuk Atik has been appointed as the Acting Director of Financial Affairs and Finance as of 1 September 2021.

# Shareholding Structure

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



Shareholder	Share Ratio (%)	Share Amount (TRY)
YAŞAR HOLDİNG A.Ş.	58.00	54,960,343.68
PINAR SÜT MAMULLERİ SANAYİİ A.Ş.	8.77	8,314,575.66
OTHER	33.23	31,487,789.11
<b>Total</b>	<b>100.00</b>	<b>94,762,708.45</b>

Shares of Pinar Su ve İçecek are traded on the Borsa İstanbul Main Market under the ticker symbol "PINSU".

There are no privileges in the Company shares.

# Pınar Su ve İçecek and 2021 at a Glance

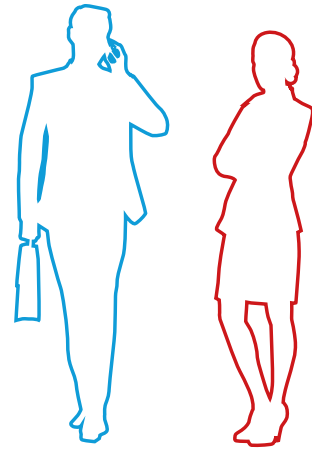


**~400** Dealers

**2** million tons of Production Capacity

**38** Years  
of Industry  
Experience



**323.2**million  
Turnover**123.7**million Gross  
Profit**11.4%**Foreign  
Sales Share**10.3** billion  
liters of Bottled  
Water Sales  
Volume in  
Turkey (SUDER)**25**Export  
CountriesTRY **23.3**  
million  
Investment  
Expenditure**385** Average Number of Employees

## FINANCIAL PERFORMANCE IN 2021

(Million TRY)	01.01.2021-31.12.2021	01.01.2020-31.12.2020
Net Sales	323.2	219.8
Gross Sales Profit	123.7	104.7
Gross Profit Margin	38.3%	47.6%
(Million TRY)	31.12.2021	31.12.2020
Shareholders' Equity	227.0	83.8
Assets	666.9	425.3
Total Liabilities/Equity Ratio	1.94	4.07



Pınar Su ve İçecek, which introduced Turkey to bottled water as a pioneer 38 years ago, is growing increasingly every year with its modern technology and new beverage products added to its portfolio.

## Company Profile

Pınar Su ve İçecek, which started its production journey in 1984, continues its operations today with bottled water and beverages across diverse categories. The Company, an industry leader that realized the first bottled natural spring water production in Turkey, operates by maintaining a strong brand identity of reliability and high standards across all business processes.

As one of the most successful examples of domestic production, the Company exports the water obtained from Turkey's highest quality sources to 25 countries as well as the domestic market under the "Pınar Yaşam Pınarım" brand. Pınar Su ve İçecek, a company with "100% Turkish capital", aims to increase its market share at home and abroad with products developed with the vision of becoming a beverage company in addition to bottled water products.

### HYGIENE AT EACH STAGE, FROM SOURCE TO FILLING

Pınar Su ve İçecek, utilizing the world's most advanced technologies at all of its filling facilities per its strategy of prioritizing health and quality, carries out its filling operations in a fully hygienic environment that is positively pressurized with sterile air, where air entry from outside is blocked, and the air is constantly cleaned. The Company, which performs physical, chemical, and microbiological tests at each production stage from source to filling per international quality standards, offers its products with the "Our Consumers and Customers Come First" quality management approach.

As the first Turkish beverage brand to qualify for the International Health and Food Safety Certificate of Conformity (NSF), Pınar Su ve İçecek operates its business to improve consumer satisfaction and ensure sustainable growth.

As part of its sustainability approach, the Company continues efforts to protect nature, prevent environmental pollution, manage the use of natural resources and eliminate production-related waste generation. Meanwhile, the Company also contributes to the arts, sports, the environment, and society with its social responsibility works.



## Competitive Advantages

### HIGH BRAND VALUE

- Robust and reliable brand identity
- High customer satisfaction
- One of the Superbrands® of Turkey
- One of the brands that "Offer Successful Digital Solutions during the Pandemic Period" with its "Yaşam Pınarım" mobile application, according to the 2021 Turkey Royalty Programs & Digital Platforms Survey
- Selected the "Most Digital Water Brand" of 2021 by Santral Magazine
- The 'Best Water' brand award at the MEA Business Awards of MEA Markets Magazine

### GROWING PRODUCT PORTFOLIO

- Production of SKUs in various volumes and packages designed taking into account changing consumer needs
- Plain and flavored mineral water varieties
- Sugared and sugar-free lemonade varieties
- Sugar-free Pınar Fırı product family, presented with a combination of natural spring water and fruit juice concentrates
- Pınar New Generation Yaşam Pınarım functional beverages family

### WIDESPREAD DISTRIBUTION AND SERVICE NETWORK

- Logistic power thanks to production from sources close to the target markets
- Strong sales and distribution network with dealers throughout Turkey
- Order line application
- "Online" ordering system
- The first water brand to offer contact-free payment by credit card on mobile ordering applications
- Effective corporate business co-operations

### HIGH-QUALITY AND RELIABLE PRODUCTION

- Spring water at international standards offered to consumers in natural and hygienic conditions
- The ability to offer products in all packaging formats (PET, polycarbonate, glass carboy, and glass)
- 38 years of industry experience
- Ultra-hygienic production technology
- COVID-19 Safe Production Certificate
- Zero Waste Certificate in all facilities

The pioneer of the bottled water market in Turkey and working to become the leader in diverse beverage categories, Pınar Su ve İçecek offers value-added products to its consumers in different markets by combining its vast experience with the principle of excellent customer experience.

Pınar Su ve İçecek continues to lead the industry with its production and management approach that puts consumer satisfaction first, its high brand value, and its product portfolio that expands daily.



ŞEKERSİZ, VİTAMİNLİ

# KEYİFLİ ANLARIN İÇECEĞİ



PINAR FRİİ

ŞEKERSİZ

## Industry Overview



While the market for water sold in disposable bottles increased by 4% in 2021, Pınar Su ve İçecek managed to increase its sales tonnage by 21% and its turnover by 39% in the total market.

With the rising awareness of healthy living during the pandemic, the demand for natural foods and beverages that boost the immunity system and reduce the risk of illness has also increased. Rapidly changing nutritional needs have prompted the diversification of natural food ingredients, and in line with this, different product development efforts have been carried out in the beverage industry. And with consumer preference for additive-free, sugar-free, natural, low-calorie, or vegan beverages, demand for functional and flavored beverages has also gained an upward momentum in 2021.

Beverages that contain natural spring water, with the addition of vitamins and minerals required daily, have started to yield benefits far beyond quenching thirst. Meanwhile, as the expectation of functionality spread to packaging, consumers have begun to prefer easy-to-use, environmentally friendly, natural, and recyclable packaging.

According to ResearchAndMarkets, the global functional beverage market, worth USD 110 million in 2020, is projected to reach about USD 200 million from 2021 to 2030 with an annual growth rate of 5.9%. In line with these market developments, Pınar Su ve İçecek continues its work for the functional beverage group without interruption. Pınar's Next Generation Yaşam Pınarım product range introduced in this category has taken the lead position in the Pınar Functional Beverages category in 2021 with a turnover share of 34% (Nielsen Retail Panel, 2021). Following consumer trends, Pınar Su ve İçecek aims to expand the functional beverage category in Turkey with its products by supporting them with R&D studies.

The bottled water market reached 10.3 billion liters in 2021 (SUDER, 2021 estimation). While the bottled water market has grown by 4% in tonnage terms, Pınar Su ve İçecek has

increased its tonnage by 21% and turnover by 39% in the total market.

The Company maintained its position among the top five companies in the bottled water market by turnover (Nielsen Retail Panel, 2021).

The market for the carboy water format grew by 5% in tonnage terms in 2020. Pınar Su ve İçecek has achieved a 25% increase in turnover compared to the previous year (Ipsos Household Panel, 2021).

In the Functional Beverage category, Pınar Su ve İçecek increased its turnover by 12% in 2021 compared to the previous year and maintained its leadership in terms of turnover (Nielsen Retail Panel, 2021).

### Health - Technology - Hygiene-Oriented Production

Pınar Su ve İçecek operates to international standards using the latest technologies at its facilities. The Company carries out the filling process using its ultra-hygienic production technology without disturbing water's natural composition or changing its mineral balance. Prioritizing human health in packaging selection and use, the Company meets consumer expectations with its wide variety in the beverage product group and the bottled water category.

## PINAR SU VE İÇECEK FILLING FACILITIES

### ULUDAĞ

The Bursa Uludağ facility, which commenced operations in 2015, is located in İnegöl, Bursa, at the foot of forested mountains at an altitude of 1,600 meters, remote from residential areas. The natural spring water obtained here is among the highest quality in Turkey in terms of content and taste. The plant, which has modern production lines at industry 4.0 standards with an infrastructure featuring energy and production efficiency, operates with an 822 thousand ton/year capacity.

#### Pınar Uludağ

Sulphate	3.33 mg/L
Sodium	3 mg/L
Chloride	0.98 mg/L
pH	7.55
Conductivity	69.6 µS/cm

### MADRAN

Pınar Su ve İçecek's Madran spring, considered to be one of the highest quality springs in Turkey, is located at an altitude of about 1,000 meters above residential areas in Bozdoğan, Aydın. The annual filling capacity of the plant is 550 thousand tons, and the facility fills carbonated and non-carbonated beverages in addition to spring water.



#### Pınar Madran

Sulphate	7.83 mg/L
Sodium	6.27 mg/L
Chloride	3.72 mg/L
pH	7.45
Conductivity	58.1 µS/cm

### GÖKÇEAĞAÇ

The plant, which has a total annual production capacity of 480 thousand tons, draws water from the Gökçeağaç spring located in Hendek, Sakarya. The plant brings high-quality and healthy water with a pH value of 8.2 and an ideal mineral content to consumers from a geography of untouched greenery.

#### Pınar Gökçeağaç

Sulphate	7.7 mg/L
Sodium	5.6 mg/L
Chloride	1.0 mg/L
pH	8.2
Conductivity	130.3 µS/cm

### AKÇAAĞAÇ

The Akçaağaç spring is located in a natural environment away from the city center in Eğirdir, Isparta.

#### Pınar Akçaağaç

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



Having reached a sales tonnage of 442 thousand tons in 2021, Pınar Su ve İçecek was the only domestic company among the top 5 companies by turnover.

## 2021 Activities



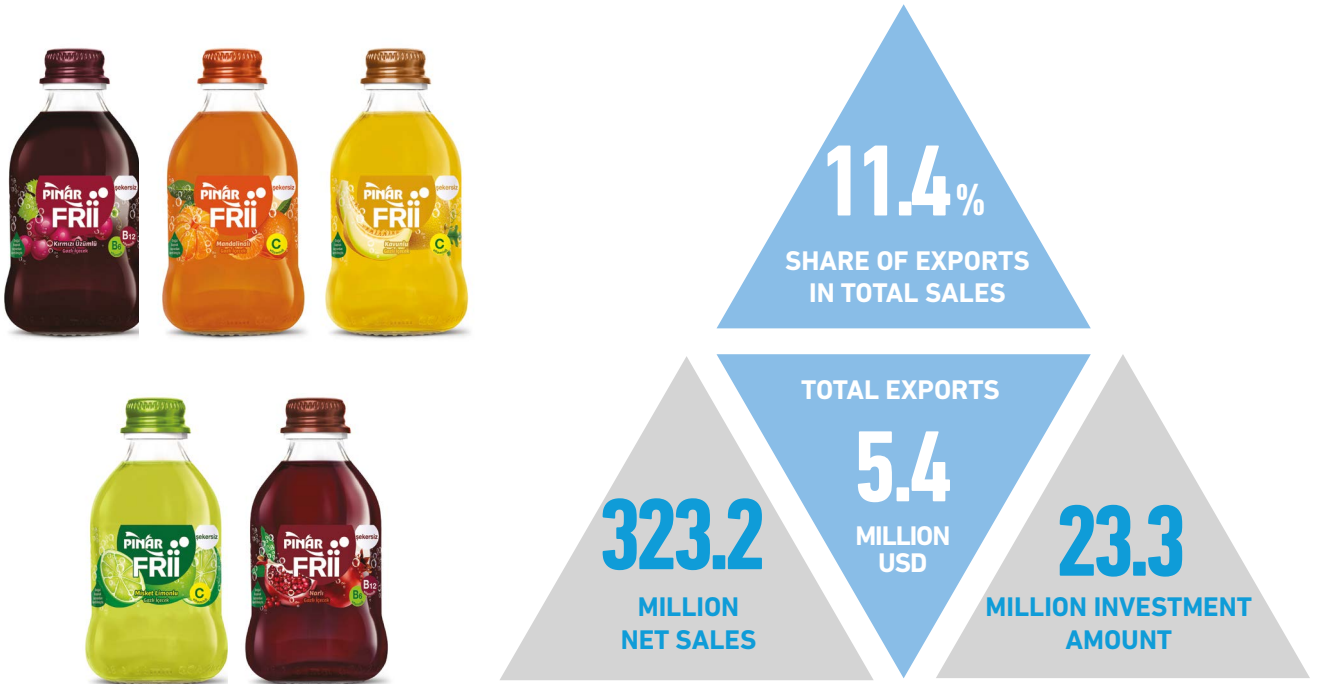
Pınar Su ve İçecek stood out as a company with 100% Turkish capital among global companies in the domestic market. It was the only domestic company among the top five in turnover terms. Achieving a net sales figure of TRY 323.2 million in 2021, the Company's total sales tonnage was 442 thousand tons. The Company achieved a gross profit of TRY 123.7 million in 2021, with a total investment of TRY 23.3 million during the year.

In 2021, the Company benefited from the incentives given under the Turquality project, which is being implemented to promote Turkish brands abroad and increase the recognition of the Made in Turkey image in global markets.

The Company has continued its investments and product development activities with the vision of becoming a beverage company in addition to bottled water products. In 2021 consumer favorites from the Company's portfolio once again were mineral water, lemonade, carbonated fruit drinks, and functional beverage products I.

### EXPORT TO NEW GEOGRAPHIES

The Company is actively involved in international markets as part of its export strategy created by closely monitoring global developments and customer needs. In 2021 it accounted for 13.8% of total water exports from Turkey. Pınar Su ve İçecek, one of the leading water exporters of Turkey, generated a revenue of USD 5.4 million from 50 thousand tons of exports to 25 countries. The Company generated 11.4% of its total sales in foreign markets, and the share of total exports in turnover increased to 14.5%.



While European countries such as the UK, Germany, Belgium, Hungary, Ireland, Romania, Greece, Malta, Kosovo, and Switzerland remained the primary markets, the Company continued its exports to the TRNC, Azerbaijan, Iraq, Kuwait, the UAE, Bahrain, Singapore, Jordan, Ukraine, and Trinidad and Tobago. The share of the UK, Germany and neighboring European countries in the exports of Pinar Su ve İçecek increased to 85.8%. The new additions to the Company's export destinations were the US, Israel, Palestine, Hungary, Bulgaria, and Libya.

### INVESTMENTS IN 2021

Pinar Su ve İçecek's investments in high technology have improved its ability to produce bottled natural spring water in addition to carbonated and non-carbonated fruit drinks. The Company consistently improves its infrastructure to deliver innovative and reliable products to consumers. Pinar Su ve İçecek invests in digitalization along with product, service, and technology development efforts, resulting in improvements in its distribution network. The Company invested a total of TRY 23.3 million in 2021.

The Company adapted to the rapidly developing e-commerce ecosystem, especially during the pandemic, and had been the first water brand to introduce contact-free delivery and credit card payment features before the pandemic. The Company continued to add new features to the Yaşam Pınarım mobile application to provide users with an enhanced shopping experience, accelerating its software development investments accordingly in 2021.

Pinar Su ve İçecek continues its operations in the bottled water industry with Turkey's highest capacity production and filling lines equipped with the latest technologies at the Uludağ facility designed per the requirements of the industry 4.0 management system. Two separate facilities established

on an area of 123,000 m<sup>2</sup> are managed by the production campus model.

One facility fills carboy products in recyclable bottles, while the other produces and fills products in plastic bottles. The production of 0.20 L PET cups started at the Uludağ plant with the investment made at the start of 2020, and the 0.33 L, 1 L, and 1.5 L production line investments also served to increase capacity.





Selecting its suppliers meticulously per its quality criteria, Pınar Su ve İçecek develops long-term collaborations.

## Supplier Relations

When selecting suppliers, the Company primarily monitors compliance with quality, food safety, environmental and occupational health, and safety standards. Compliance with Yaşar Group's corporate values, sustainability approach, public health, and environmental responsibilities is also an essential criterion for supplier selection.

Suppliers are subjected to audits at a frequency determined by critical evaluations such as the effectiveness of the management systems implemented, their last supplier audit score, and their annual performance. Audits are conducted on-site by the relevant units, and suppliers' compliance with quality, food safety, occupational health and safety, and environmental systems is evaluated. The Company, which creates an Approved Suppliers List according to the results of audit scores and supplier performance evaluations, procures products and services from suppliers that make the list. In the overall scoring in the supplier selection and evaluation processes, Pınar Su ve İçecek considers whether the supplier holds ISO 14001 Environmental Management System and SA 8000 Social Responsibility certification or equivalent.

Pınar Su ve İçecek informs its suppliers during supplier audit checklists, purchase agreements, and direct audits that they need to inform the Company in case of a significant environmental accident or incident during or as a result of the supplier's activities.

Pınar Su ve İçecek expanded the criteria used in the supplier evaluation procedure in 2020 to evaluate the supplier performance more comprehensively based on adherence to deadlines, price, non-conformities, the response rate to non-conformities, and the effectiveness of corrective actions. Supplier audits continued in this context in 2021. Audit reports, including audit findings, were shared with suppliers, who were requested to plan corrective actions related to non-conformities or areas that required improvement. In this way, suppliers were ensured to comply with the development and maintenance of Company quality criteria.

## Pınar Su ve İçecek Products

### BOTTLED WATER

0.20L	cup
0.33L	PET bottle
0.33L	Minions
0.50L	PET bottle
0.75L	sports bottle
1L	PET bottle
1.50L	PET bottle
5L	PET bottle
10L	PET bottle
0.33L	glass bottle
0.75L	glass bottle
15L	glass carboy
19L	carboy

### PINAR DENGİ MADEN SUYU

0.20L	Plain Sparkling Mineral Water
0.20L	Apple Flavored Sparkling Mineral Water
0.20L	Lemon Flavored Sparkling Mineral Water
0.20L	Watermelon & Strawberry Flavored Sparkling Mineral Water

### PINAR FRIİ

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

### PINAR LEMONADE

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

### PINAR NEW GENERATION YAŞAM PINARIM FUNCTIONAL BEVERAGE FAMILY

0.25L	Pınar Beauty Spring
0.25L	Pınar Immune Spring
0.25L	Pınar Refresh Spring
0.25L	Pınar Digest Spring

### PINAR ICE TEA

0.25L	Pınar Peach Flavored Ice Tea
0.25L	Pınar Mint & Lemon Flavored Ice Tea
0.25L	Pınar Strawberry Flavored Ice Tea

Having entered the industry with bottled water, Pınar Su ve İçecek today offers a wide range of varieties, including mineral water, lemonade, fruit-flavored carbonated drinks, and functional beverages, supporting the market's development with competitive products.



Pınar Su ve İçecek, which offers its consumers innovative, healthy, and reliable products, continued innovating in 2021 with its design and technical infrastructure works.

## Innovations that Respond to Trends

Continuing its efforts to innovatively develop new products, services, and packaging designs, in 2021, Pınar Su ve İçecek also implemented special projects that made a difference in the industry.

Despite the global challenges and uncertainties arising from the COVID-19 pandemic, Pınar Su ve İçecek continued to deliver reliable and healthy products to its consumers without interruption, prioritizing all its stakeholders' health. During this period, the Company focused on digitalization and carried out packaging design and relaunch works.

### Digitalization Works

Focusing on a perfect customer experience, Pınar Su ve İçecek became the first among water brands in Turkey to offer credit card payment and 45-minute delivery on mobile delivery applications.

Having completed its efforts to transfer all business processes to digital channels, the Company held periodic meetings with its dealers throughout Turkey. Continuing its operations with the principle of 'end-to-end digitalization,' the Company implemented projects and organized training aimed at digitalizing the business processes of its dealers. And aimed at growing sustainably with its stakeholders, Pınar Su ve İçecek implemented the dealer incentive bonus as part of its Excellent Customer Experience project.

### Next Generation Vegan Beverages

Working toward a healthy and sustainable life, Pınar Su ve İçecek has launched Pınar Frii Sugar-free products with vitamins, no added sugar, and Vegan V-Label certification, which it positions as the 'Drinks of Pleasant Moments.'

Frii's melon, mandarin, and lime varieties, produced from Pinar's R&D studies and presented in hygienic glass bottles, meet 40% of the daily vitamin C requirement. The red grape variety meets 37.5% of the consumer's daily vitamin B6 and B12 requirements.

### The Brand That Reaches Different Cultures with the Same Flavor

Pinar Su ve İçecek, which exports under the Pinar brand under the "Made in Turkey" signature, simplified its PET packaging and introduced consumers to new PET bottles with a minimalist design.

The Company also innovated the design of glass bottles, especially for positioning in restaurants, hotels, and cafes, and launched Premium Glass Bottles exclusive to export markets.

The label designs and information of Pinar Su ve İçecek products consumed safely and enjoyably across different geographies are prepared per the respective export country's language and water and beverage regulations. In this context, the Company continued its dedicated label works for new export countries throughout the year.



## Customers and Consumers of Pınar Su ve İçecek

%35

INCREASE  
IN ORDERS PLACED  
THROUGH THE MOBILE  
CHANNELS

Pınar Su ve İçecek strengthens its market position with high-quality and healthy products that appeal to diverse tastes, brand communication activities, and customer satisfaction.

Working to provide its customers with the best products, Pınar Su ve İçecek offers a wide range of product types, including bottled water, mineral water, lemonade, fruit-flavored carbonated beverages, and ice tea, and functional beverages. With its operations carried out at national and international standards, the Company meets the expectations and needs of consumers per the principle of quality. Pınar Su ve İçecek prioritizes communication efforts in addition to its practical and competitive marketing strategy and continues activities without interruption to achieve its goals. The Company focuses on trust, hygiene, naturalness, and family values in its products and services. It establishes a bond with its consumers by emphasizing these values in its communication works.

In this context, Pınar Su ve İçecek, which focused on digital advertising investments in 2021, effectively used the various channels where it meets its consumers during campaign periods. The Company's followers increased by 76.1% compared to last year with the help of contests and advertisements held on social media.

### Sugar-Free Pınar Frii Product Communication

Sugar-Free Pınar Frii, added to the fruit-flavored carbonated beverages category in response to consumer demand, was launched in 2021. Traditional outlets provided incentive premiums to increase product availability, while competitions were held to increase product visibility. To raise consumer awareness, television commercials were broadcast, and outdoor advertising was carried out in larger cities.

Over 20 million impressions were generated on digital channels using social media platforms. The product was promoted on social media with influencer collaborations. Duly, Pinar Frii's domestic and international sales tonnage increased by 25%.

### Communication Works for Pinar Lemonade with Vitamin C

The Company also focused on increasing the availability of Pinar Lemonade products full of Vitamin C in e-commerce channels and local chain markets. The visibility of this category in the currently listed outlets was increased. The Company aimed to raise consumer interest in the product through periodic radio advertisements, digital advertising, and visuals at sales points.

### The "From the Source to Your Door" Advertising Campaign

In 2021, the Company increased its communication to effectively explain the innovations of the Yaşam Pınarım mobile application to consumers, launching the "From the Source to Your Door" advertising film. More than 30 million impressions were generated through TV ads, while approximately 3.5 million impressions resulted from digital ads in March, April, and June 2021.

### Yaşam Pınarım Mobile Application

Pinar Su ve İçecek received an award in three categories from the Association of Direct Marketing Communicators for its 15 diverse pre-roll campaigns adapted from the Yaşam Pınarım mobile application commercial for YouTube. Pinar Su ve İçecek won first prize in the "Shortest Ones: Pre-Roll" category and second prize in the "Branded Content" and "Viral Ideas on Social Media" categories.

### Fairs Participated in

Pinar Su ve İçecek participated in the Anuga Fair in Cologne, Germany, between 9 - 23 October 2021. The Company was met with great interest at the fair for its innovative products that offer solutions to different needs. The Pinar Frii Category, consisting of melon, lime, red grape, and tangerine flavors, the Functional Beverage Category, lemonade, ice tea, carbonated beverage, and water products, was appreciated by visitors.

### AN APPROACH THAT VALUES CUSTOMER SATISFACTION

Pinar Su ve İçecek continues its efforts to increase the

level of consumer satisfaction it has achieved across all beverage categories it caters to. It evaluates the management system's effectiveness in this area to identify areas of improvement and development per its "Customer Satisfaction Policy." To this end, consumers are called back after the notification process and asked to participate in a process evaluation survey. The Company generates periodic reports on issues such as the current status of complaints, average resolution times, response times, delays, and customer satisfaction levels with its CRM software and aims to improve its product quality to meet consumers' reliability expectations.

Pinar Su ve İçecek ranked first in the consumer products category as the "Brand with Successful Digital Solutions During the Pandemic Period" in the "Turkey Loyalty Programs & Digital Platforms Survey" conducted throughout the country.

### DEVELOPED ORDERING CHANNELS

Continuously improving its technological infrastructure in parallel with digital transformation, Pinar Su ve İçecek continued to effectively manage all order channels such as mobile applications, call center, website, and dealer networks throughout the year.

Making improvements, particularly on the Yaşam Pınarım Mobile application in 2021, the Company managed to increase its customer acquisition rate and order frequency through new customer and loyalty campaigns, brand collaborations, and 360-degree communication efforts. The total mobile orders increased by 35% compared to the previous year. The number of unique customers ordering from the Yaşam Pınarım Mobile application increased by 44% compared to 2020, while the number of customers increased by four times compared to 2019. The total number of customers reached an all-time high in 2021.

### PINAR SU VE İÇECEK CUSTOMER COMMUNICATION CENTER

Pinar Su ve İçecek, which adopts the principle of providing excellent service to its customers and maintains a customer-centered approach in all its works, continues its communication with customers through the call and support line **444 99 00** and via **destek@pinarsu.com.tr**. The Company continued to develop solutions by successfully analyzing customers' needs, expectations and complaints. In this context, 407,934 customer calls were received in 2021, and 92% of the calls were successfully received. 91% of 341,818 customer calls in total resulted in an order.



Contact-free payment by credit card



## ACCESSIBLE, AUDITABLE, AND STRONG DEALER STRUCTURE

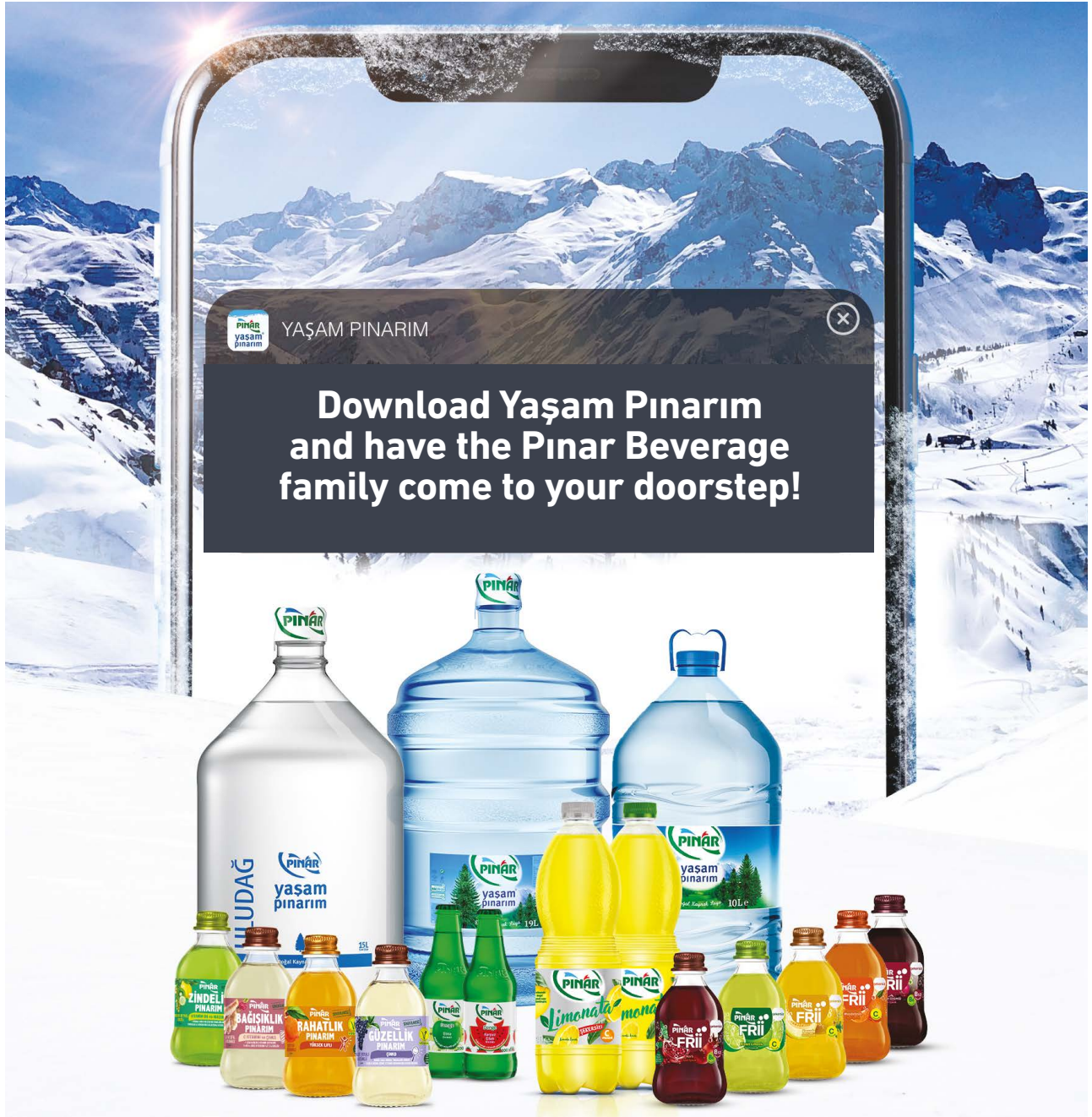
Having been in the industry for 38 years, Pınar Su ve İçecek serves its customers to high-quality standards with its widespread dealer network and robust digital infrastructure. The Company constantly monitors the compliance of approximately 400 pet and carboy dealers with legal standards with the principle of “being accessible anytime, anywhere.” It offers quick and effective solutions with instantaneous audits to take service quality to a higher level. Paying particular attention to the delivery time and stock management, Pınar Su ve İçecek ensures customer satisfaction with its robust Call Center operation.

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

## “DIGITAL TRANSFORMATION” WITH ALL STAKEHOLDERS

Pınar Su ve İçecek has focused on including its stakeholders in digitalization processes to provide end-to-end digital solutions with its robust technological infrastructure. The Company, which increased the system usage rates of its dealers with the ‘Perfect Excellent Experience Project’ implemented in 2020, continued its efforts to improve service quality in 2021.

Pınar Su ve İçecek’s Quality Department continued auditing and scoring activities for its dealers on certification, legal obligations, storage conditions and shipping standards throughout the year. The Company shared with its dealers all the information, improvements, and training programs deemed necessary due to the audits.







Adopting the “People First” approach in its human resources strategy, Pınar Su ve İçecek keeps employee satisfaction at the highest level with modern Human Resources practices.

## Pınar Su ve İçecek Family

**385**

AVERAGE  
NUMBER OF  
EMPLOYEES IN 2021

### Human Rights and Employee Rights

Pınar Su ve İçecek, a member of the Yaşar Group, manages its human resources policy to employ an innovative, highly motivated and high performing, qualified workforce and to increase the commitment of its workforce through sustainability. In the Yaşar Group, each candidate is given equal opportunity without discrimination based on nationality, language, gender, age, marital status, etc. As in all its activities, Pınar Su ve İçecek’s human resources management approach aligns with universal principles. Employees are given equal opportunities in all human resources processes such as recruitment, remuneration, performance evaluation, promotion, assignment, training, and development.

The Company continues its activities to prepare a Human Rights and Employee Rights Policy with a commitment to fully comply with internationally accepted principles such as the Universal Declaration of Human Rights, the United Nations Global Compact, the United Nations Women’s Empowerment Principles, and ILO Conventions, as well as the legal framework and regulations governing the human rights and the operation of corporate life in Turkey. With the development of the policy, the aim is to spread this approach to all business partners. All these principles are included in the Business Ethics Guidelines as company policies and the collective bargaining agreements of the companies and are also made public on the corporate website.

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

While organizing various training activities to ensure employee

satisfaction and loyalty, the Company supports the participation of its employees in training activities to further their personal and professional development.

The Company participates in projects that support the development of its employees at all levels, from new hires to senior management, through programs such as talent management, development, and mentoring provided within the Group.

As a member of the Yaşar Group, Pinar Su ve İçecek pays maximum attention to corporate standards and practices related to human rights, equality, career development, and occupational health and safety. The Company's Occupational Health and Safety Policy, reflecting the philosophy that occupational health and safety can be ensured not only by physical protective equipment but also by the personal and social activities and development of employees, is shared with all employees. The Company provides regular training to raise awareness and inform employees about occupational health and safety.

Pinar Su ve İçecek organizes training programs to inform and raise awareness among its employees about environmental, social, and governance criteria. The Group's vision of sustainability is shared with all employees.

Pinar Su ve İçecek actively uses modern and internationally accepted human resources practices. It views its qualified human resources as the basis of sustainable growth and high-quality production. The Company, which constantly supports the development of its employees with such practices, continues to work with a qualified, creative, innovative, motivated, and high-performing workforce.

Pinar Su ve İçecek, which continuously analyzes employee needs, creates value and follows a management policy of rapid adaptation to changing conditions, continued its operations with an average of 385 employees in 2021.

### Human Resources Process Initiatives


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 necessary measures were taken. All employees in administrative units and facilities were given awareness and information training.

Personal hygiene supplies such as masks, hand sanitizers, and surface disinfectants were supplied for employees throughout the year. It was ensured that work and social spaces were used per social distancing rules.

### BASIC HUMAN RESOURCES POLICY

- Business economy criteria determine personnel positions within the Company.
- Internal and external training programs are implemented within the plan's framework 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 broadest possible opportunities for promotion to personnel of potential.
- The performance evaluation of personnel is based on their goals and competencies.
- Job descriptions and performance standards are documented for each position from top to bottom.
- Within the Occupational Health and Safety Regulation framework, the Company fulfills legal requirements to prevent occupational safety risks, protect employee health, and manage its activities with a risk-based preventive approach.
- The Company's management style is defined as "to maintain our existence as a company that acts under the law and ethical rules, and that adopts the total quality philosophy and participatory management style."
- The Company works under the principle of equal rights for its employees without discrimination based on language, race, color, gender, political and philosophical opinion, religion, sect, and similar factors. All necessary measures are taken to protect these fundamental constitutional rights.





Pınar Su ve İçecek achieves its sustainability objectives in line with Sustainable Development Goals through energy efficiency, water management and packaging reduction initiatives, contributing to sustainability with production processes that make efficient use of natural resources.

## Sustainability Approach

In line with the Yaşar Group's Sustainability Policy, sustainability approach, and sustainability priorities, Pınar Su ve İçecek reflects the Group's understanding of "taking good care of all its stakeholders for a better life" in all its processes, from supply to sales, by determining strategies and objectives that also develop its sector. Operating in industries that are directly affected by climate change, Pınar Su ve İçecek closely monitors developments related to the climate crisis and addresses the crisis as a significant risk that may have economic and social, as well as environmental impacts.

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

The sustainability strategy of the Yaşar Group, the parent company of Pınar Su ve İçecek, aims to take care of all stakeholders and provide a better life. Pınar Su ve İçecek takes the sustainability issue, the environmental impacts of its activities, and relevant principles into account when determining its corporate governance strategy. The Company's activities are realized in line with commercial objectives that meet the needs of society, are determined by a quality-oriented business approach, and are compatible with Sustainable Development Goals.

Having signed the United Nations Global Compact (UNGC) in 2007, the information on and data of Pınar Su ve İçecek is included in reports prepared based on the essential criteria of the Global Reporting Initiative (GRI). Yaşar Holding has been sharing its sustainability performance with the public since 2009. The Yaşar 2020 Sustainability Report and all Sustainability and Global Compact Reports of the Yaşar Group can be accessed in the Sustainability section of Yaşar Holding's website ([www.yasar.com.tr](http://www.yasar.com.tr)).

The Climate Crisis Working Group and Gender Equality Working Group were established under the Sustainability Committee, which expanded by increasing Yaşar Group companies' representation. Yaşar Holding's Sustainability Committee meets every two months, the Climate Crisis Working Group meets every month, and the Gender Equality Working Group meets every two months to share the practices of Group companies. The committee and working groups aim for all companies to act together to develop focused projects, with representatives monitoring targets. Yaşar Holding's Board of Directors ensures that companies carry out their sustainability works per the Sustainability Committee's priorities and leads the implementation of its Sustainable Development Policy.

Pınar Su ve İçecek continues to carry out sustainability studies per the priorities set in coordination with the Sustainability Committee established with the participation of

Company employees and the Climate Crisis Working Group and Gender Equality Working Group under the Committee.

The Committee and the working groups work towards the implementation of strategies, the achievement of objectives, and the dissemination of the sustainability approach throughout the Group. The Pinar Su ve İçecek Sustainability Committee, also responsible for the execution of Environmental Social Governance Policies, plays an active role in many studies throughout the year. The Company's Sustainability Committee Leaders monitor the performance indicators determined to achieve targets and coordinate the annual sustainability report.

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

Contribution to a sustainable future is aimed at by selecting suppliers and business partners, among the critical links in the value chain, through Environmental Responsibility, Commercial Integrity, Fair Working Standards, Human Rights, and Compliance with Laws per the Pinar Supplier Principles.

With Yaşar Holding's signing of the Business Plastic Initiative in 2019, Pinar Su ve İçecek set plastic reduction targets in 2021. The Company continues to work on plastic reduction, recycled plastic use, and the recycling of plastics used.

## SUSTAINABILITY EFFORTS

The sustainability works of Pinar Su ve İçecek prioritize the issues of "combating climate change" and "protection of water," considered to be the problems of today rather than tomorrow.

Pinar Su ve three separate natural locations, far from industrial, agricultural, and residential areas, and provides clean, healthy, reliable, and high-quality bottled water for its consumers nationwide. The Company returns 30% of the total flow of water drawn from these sources to the natural environment to ensure the sustainability of the ecosystem.

When selecting new sources and making new investments, the Company considers "economic efficiency," "fair water sharing," "social equality," and "environmental health and

sustainability of the ecosystem."

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

The Pinar Su ve İçecek family plays an active role in the "Yaşar Sustainability Competition" held since 2016, the "Yaşar Sustainability Day" organized since 2018, and in projects and training activities throughout the year to promote awareness among employees of Group companies.

## QUALITY-ORIENTED EFFORTS

Pinar Su ve İçecek pursues its activities by taking good care of its business, employees, society, business partners, and the environment. The Company sustains and improves corporate citizenship awareness by reliably providing products and services at international standards that reflect its corporate value of "Our Consumers and Customers Come First." As part of its quality management approach, products and services are offered for consumption, meeting international quality standards.

Pinar Su ve İçecek, which maximizes the efficient use of natural resources in strict compliance with environmental legislation, certifies its activities at national and international standards through continuous improvement in energy and environmental management, as well as quality, food safety, and customer satisfaction. The Company, which owns Turkey's first TSE-certified bottled water brand, closely follows scientific and technical developments in monitoring, control, and analysis processes and integrates them into its applications.

### Quality Policy Prioritizing Environment

- The Pinar Su ve İçecek Environmental Management System has been established for the following purposes and is maintained with ISO 14001 certification.
- To demonstrate the successful fulfillment of Environmental



Health and Safety requirements within the framework of all production, product and service activities, to reassure the customer and the public that an appropriate Environmental Management System is in place;

- To develop an Environmental Management policy, set targets and create processes to implement the policy, take the necessary steps to improve its performance, and demonstrate its compliance with the Environmental Management System;
- To develop and implement the necessary policies and achieve goals to provide information and fulfill legal requirements on critical environmental issues,
- To support environmental protection and pollution prevention, taking into account socioeconomic needs,
- To achieve an impeccable environmental performance by controlling the environmental impact of activities, products, and services per environmental policies and objectives,
- To guarantee that the Company is committed to complying with the legal requirements in force for the prevention of environmental pollution and continuous improvement. In this context, Pınar Su ve İçecek's Quality Policy is developed to include environmental priorities.

## DOCUMENTS AND CERTIFICATES

- TSE ISO EN 9000 - Quality Management System Certificate
- TS ISO 10002 Customer Satisfaction Management System Certificate
- TSE ISO EN 14000 - Environmental Management System Certificate
- TSE ISO EN 22000 - Food Safety Management System Certificate
- TS EN ISO 45001 - Occupational Health and Safety Management System Certificate
- NSF International - International Health and Food Safety Compliance Certificate
- BRC (British Retail Consortium) - British Food Safety Certificate of Conformity
- TS 266 - Waters - (For Human Consumption) - Certificate of Conformity to Turkish Standards
- TS OIC SMIIC 1 - Halal Certificate
- GSO 987 - Certificate of Conformity to United Arab Emirates Quality Standards
- IMS CERTIFICATE - Certificate of Conformity to United Arab Emirates Industrial Measurement Standards
- VEGETARIAN CERTIFICATE - European Vegan and Vegetarian Standards Certificate of Conformity
- Carbon Neutral Certificate
- TSE - COVID 19 Safe Production Certificate
- Zero Waste Certificate

## EFFICIENCY EFFORTS

Pınar Su ve İçecek continues its efficiency-oriented improvement efforts at its production facilities towards sustainable growth. The Company 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. Pınar Su ve İçecek implements sustainable improvements that reduce the total industrial power use with efficiency projects carried out in business processes.

Compared to 2020, the amount of energy consumed in production processes per ton of product was reduced by 7.45% at the Sakarya facility and 11.56% at the Bursa facility (PET) in 2021. The electricity consumption of the Bursa facility (PC) was 15.74% lower than the previous year.

Having pursued packaging weight optimization efforts since 2011, Pınar Su ve İçecek continued to work to reduce the packaging weight of PET bottles with its technological investments and R&D efforts. In 2020, the packaging weight of PET bottles was reduced by 26% in the 0.5 L product group, 23% in the 0.33 L product group, and 18% in the 1.5 L product group. With the product packaging weight optimization works, a reduction of between 25% and 30% was achieved using shrink and stretch in certain product groups. With the ongoing packaging optimization and simplification projects in 2021, the use of polyethylene terephthalate packaging material was reduced by 8.47% compared to the previous year.

Water efficiency, which was at 95% in 2020, was increased to 96% in 2021, despite the increased product variety. This was due to improvements made by reducing water used to wash production lines, domestic use areas, and filling wastage.

As a result of these projects, the total amount of wastewater in 2021 was reduced by 7.5% compared to 2020. The amount of wastewater from production processes was reduced by 26.31% per unit production at the Bursa Uludağ Plant, 16.2% per unit production at the Sakarya Gökçeada Plant, and 18.86% at the Aydın Madran Plant in 2021 compared to the previous year.

In 2022 Pınar Su ve İçecek aims to continue efficiency-related investments in automation projects that strengthen the Industry 4.0 infrastructure.

## REDUCING ENVIRONMENTAL RISKS

Having reduced the amount of plastic packaging and lid materials used in PET bottle production regularly since 2011, Pınar Su ve İçecek continues to improve its environmentally sensitive production through waste reduction. These efforts increased energy efficiency by consuming less power in the blowing process of low-weight bottles. These efforts reduced the carbon footprint of the Company's production facilities.

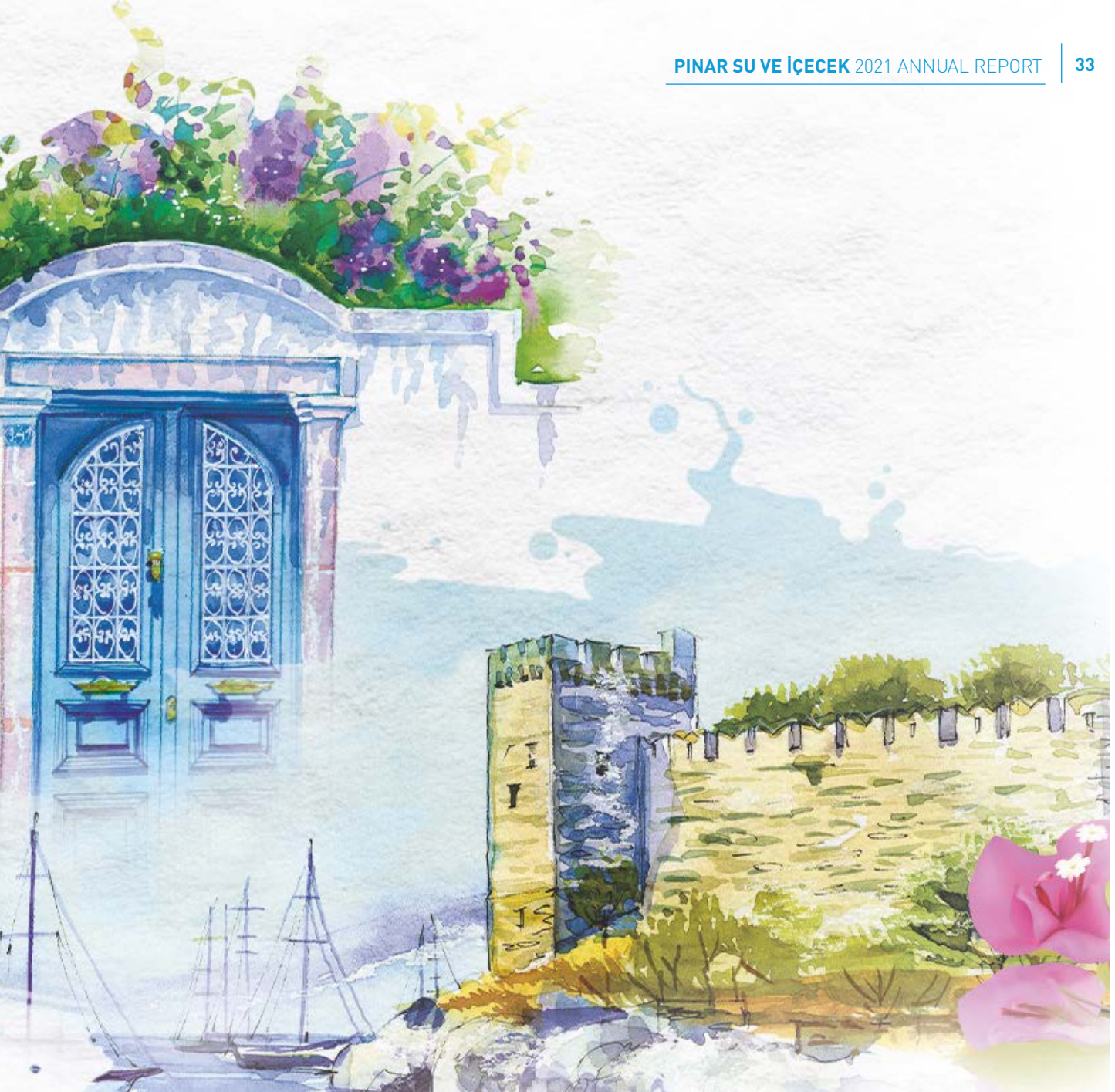
In addition to the environmentally-friendly icon on the



packaging of "Pınar Yaşam Pınarım" brand products, the reduction rate in PET bottle packaging material used over the past 2.5 years is also displayed. With this, the Company aimed to increase consumer awareness of waste management. The Company also maintained social media communication to increase environmental sensitivity and raise awareness by informing its consumers of this issue. Efforts continued throughout the year to integrate innovative approaches into the Company's production processes to reduce waste and ensure cost reduction.

## WASTE MANAGEMENT

Prioritizing reusable and recyclable product packaging materials, Pınar Su ve İçecek uses packaging materials that generate the least amount of waste and cause the least harm to the environment after production and use. In addition to ongoing projects implemented as part of its operations, the Company continues its cooperation with the Environmental Protection and Packaging Waste Utilization Foundation (ÇEVKO), of which it is a founding partner. It supports awareness-raising activities for consumers on the collecting,



recycling, and regaining of packaging wastes separately at the source.

Operating with the principle of "Preventing and reducing waste at its source," Pınar Su ve İçecek certifies its waste management activities at all production facilities with a Zero Waste Certificate.

#### Products with Carbon Neutral Certification

Pınar Su ve İçecek maintained its improvement efforts to reduce carbon emissions and implemented related projects throughout 2021.

- The Company continued its energy efficiency, energy-saving, and operational improvement efforts throughout the year to reduce and prevent greenhouse gas emissions from

industrial processes and domestic energy consumption. Carbon emission intensity was reduced by 32% in 2021 compared to the base year of 2010.

- The Company, which performs carbon equalization in its products, maintained its leadership by 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 was 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 with Gold Standard Certification that produces energy from a renewable energy source.

#### COMPLIANCE WITH SUSTAINABLE DEVELOPMENT GOALS

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Pınar Su			✓		✓	✓	✓					✓	✓	✓			



Pınar carries out social activities with the mission of raising “Healthy and Happy Generations.” believing that social development is only possible with educated and cultured generations who grow up with sports and are sensitive to the environment and society.

## Corporate Social Responsibility

### PINAR CHILDREN'S THEATER

Aiming to contribute to children's cultural and personal development, Pınar Children's Theater has reached more than three million children throughout Turkey without charge since its establishment in 1987. Pınar Children's Theater is also an effective school bringing many celebrated actors to the art of theater.

Pınar Children's Theater met with children online at Yaşar Group's internal theater event during the semester break with the play entitled “Game Machine.” Children watched the interactive play, holding conversations with the actors. The theater team toured during the summer and visited six locations including Yenişehir, Bursa; Simav, Kütahya; Seferihisar, İzmir; Tire, İzmir; Bozdoğan, Aydın; and Çine, Aydın.



### INTERNATIONAL PINAR CHILDREN'S PAINTING CONTEST

The International Pınar Children's Painting Competition, organized to increase the interest of primary school children in the art of painting, and to discover the painters of the future, was held for the 40th time in 2021 with the theme of “I Love Nature, I Take Good Care of My Environment.” A total of 12,908 paintings competed in the event, which received submissions from Germany, the TRNC, and Azerbaijan, in addition to Turkey.

As a result of the Selection Committee evaluation, 13 successful little painters in the competition were awarded tablets and professional painting materials, and two students received a one-year scholarship through the Yaşar Education and Culture Foundation. The results of the competition were



announced at an award ceremony held online for the first time this year due to the pandemic. The works deemed worthy of the exhibition were presented to visitors at the "Virtual Exhibition," which was opened for access on Pinar's website at [www.pinar.com.tr](http://www.pinar.com.tr). The video of the exhibition was broadcast on the YouTube Channel 'Her Şey Çocuklarımız İçin.' The successful works were also exhibited in shopping centers with a footfall in İzmir and İstanbul.



Preparations for the 41st edition of the Pinar Children's Painting Competition started. The theme for the next edition of the competition is "The World Through My Eyes," in line with Sustainability Goals. Based on sustainability goals, the slogan of the painting competition is "Take action for the future; paint the world of your dreams." The painting competition is intended to serve as an awareness campaign that will enable participating students, teachers, and parents to take action by raising their awareness on such issues as sustainability, climate and water crisis, plastic use, recycling, waste management, and marine pollution.

## PINAR CHILDREN'S PAINTING WORKSHOP

Pinar Children's Painting Workshop, organized to introduce children to art, was migrated to the digital platform due to the pandemic in 2021. In an internal event within the Yaşar Group, a digital painting workshop was organized for children with the painter Betül Güney.



## SUPPORT FOR SPORTS

The Pinar brand contributes to sports with its corporate culture approach focused on "social citizenship." Under the leadership of Yaşar Holding's Founder and Honorary Chairperson Selçuk Yaşar, Pinar has been providing support to the Karşıyaka Basketball Team and thousands of little athletes playing sports in the youth academy as the leading supporter since 1998. Having ensured that over 25 thousand children engage in sports with its support of the youth academy, aside from basketball, Pinar continues works directed at different sports branches.

### Pinar KSK

Pinar, the main sponsor of the Karşıyaka Basketball Team for 23 years, contributes to the team by supplying drinks and its name sponsorship.

The Turkish Basketball Cup Championship, Turkish Basketball Presidential Cup Championship, and Turkish Basketball League championship are among the recent achievements of Pinar Karşıyaka. The team has supported these events to integrate society, young people, and the children of İzmir through sports and make İzmir the city of basketball. In addition to these achievements,



Pinar Karşıyaka successfully represented our country in international organizations such as the Turkish Airlines EuroLeague, 7DAYS EuroCup, FIBA Champions League, and FIBA Europe Cup. It continues to compete in Europe in the Basketball Champion's League in the 2021-2022 season.

### Pinar Cup Tournament

The Pinar Cup Tournament, an annual tradition organized annually on behalf of Pinar Karşıyaka, was held on 17-18 September 2021 at İzmir Mustafa Kemal Atatürk Karşıyaka Stadium. In addition to Pinar Karşıyaka; Beşiktaş İcrypex, Büyükçekmece Basketbol and Igokea BK from Bosnia and Herzegovina staged a fierce fight in the Pinar Cup. The Pinar Karşıyaka Basketball Team, which also opened the season with the Pinar Cup, was excited to meet its fans once again after two years.

## PINAR'LA YAŞAM SOCIAL MEDIA ACCOUNTS

Pinar provides valuable and up-to-date information to families through mother-child communication on Twitter, Instagram, Facebook accounts, and the YouTube channel. It also enlightens young people on issues such as sports and environmental awareness. In this way, Pinar, which also includes Social Responsibility and sustainability issues in its accounts, aims to unite different target groups. It supports the artistic development of children by organizing workshops for them on its Instagram accounts.

## THE SOCIAL MEDIA ACCOUNTS OF PINAR SU VE İÇECEK

Pinar Su ve İçecek continues to share content on the "pinarsuofficial" and Pinar Su accounts on Twitter, Instagram, and Facebook. The Company also communicates its products and services to consumers on its YouTube channel "Yaşam Pınarım."

## SPONSORSHIPS

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



Pınar Su ve İçecek once again confirmed its success with the awards at events organized at home and abroad in 2021.

## Awards

### A Brand That Offered Successful Digital Solutions During the Pandemic

Pınar Su ve İçecek ranked first in the consumer products category as the "Brand with Successful Digital Solutions During the Pandemic Period" with the Yaşam Pınarım application in the "Turkey Loyalty Programs & Digital Platforms Survey" conducted throughout the country.

### The Most Digital Water Brand

Pınar Su ve İçecek was named the "Most Digital Water Brand" of 2021 by Santral Magazine.

### Awards in Three Categories

At the Direct Marketing Awards organized by the Association of Direct Marketing Communicators, Pınar Su ve İçecek was awarded in three categories in 2021 with its 'Pre-Roll Campaign from Pınar.' The Company took 1st place in the 'Pre-Roll' category and 2<sup>nd</sup> place in the 'Viral Ideas on Social Media' and 'Branded Beverage' categories.

### The Best Water Award

Pınar Su ve İçecek was selected as the 'Best Water Brand' at the MEA Business Awards 2021, staged by MEA Markets Magazine.

# Milestones

## The Pioneer of the Industry with International Production Standards and Modern Technology

- 1984** • Pinar Su introduced consumers to Turkey's first bottled water under the "Pinar Şaşal" brand.
- 1985** • Disposable containers were used for the first time.  
• Pinar Su exported goods to Germany for the first time.
- 1989** • Pinar Su single-handedly accounted for 90% of Turkey's total water exports.
- 1995** • Bottled water production capacity reached 100,000 tons a year.
- 1996** • Pinar Su opened its second factory in Bozdoğan, Aydın and introduced the "Pinar Madran" brand to consumers.
- 1997** • Pinar Su introduced the first PET bottles for its Pinar Madran line of water and was awarded a Gold Plaque by the Turkish Standards Institute.
- 1999** • ISO 9001-2008 Quality Management System Certification was obtained. 2001  
• TSE ISO 14001 Environmental Management System Certification was obtained.
- 2002** • Pinar Madran Carboy Water was launched.
- 2003** • The rights to the Sakarya and Isparta springs were acquired, and Marmara Su was founded. Water from these two springs was introduced to consumers under the "Pinar Yaşam Pınarım" and the "Pinar Denge" brands.  
• TS ISO 9001:2000 Certification was obtained.
- 2005** • Pinar Su was awarded TS 13001 HACCP Food Safety System Certification.  
• The Pinar Madran facility established in Bozdoğan, Aydın, was expanded with additional investments.
- 2007** • Pinar Madran became the first Turkish beverage brand to receive NSF International Quality Certification.
- 2009** • Pinar Su was awarded TS ISO EN 9001:2008 Quality Management System Certification.
- 2010** • The Pinar Su Order Line 444 99 00 was launched and disseminated throughout Turkey.  
• Pinar Su was awarded TS ISO EN 22000 Food Safety Management System Certification.
- 2011** • Bottle weights were reduced with the short-neck project.  
• Toros was replaced with Akçaağaç as one of the Company's springs.  
• Pinar Su was awarded TS 18001 Occupational Health and Safety Management System Certification.
- 2012** • TSE-ISO-EN 10002 Customer Satisfaction Management System Certification was obtained.  
• Turkey's first online carboy ordering system was launched.
- 2013** • Pinar Su ordering application was launched for Android and iOS.  
• The season-liveried series of glass bottles received a gold medal in the Ambalaj Ay Yıldızları Competition.  
• PET container production capacity was increased at the Hendek and Isparta plants.  
• The Company entered the sparkling mineral water category with plain, fruit-flavored, and vitamin-enriched products.
- 2014** • Newly-designed 0.33L and 0.75L glass bottles were introduced to the market.  
• BRC (British Retail Consortium) Food Safety Certification was obtained.  
• Pinar Su ranked first in the packaged water category in the Turkish Customer Satisfaction Index (TMME).
- 2015** • Pinar Su became the official water supplier of the Turkish Basketball Federation and the National Basketball teams.
- 2016** • Pinar Su launched the 15L glass carboy.  
• The Uludağ spring investment in İnegöl, Bursa was completed and implemented.
- 2017** • The Pinar Frii fruit-flavored segment was added to the mineral water category, expanding the portfolio.  
• The Lemonade category was launched.  
• In addition to spring water filling, Pinar Su started producing carbonated and non-carbonated fruit-flavored beverages with investments.
- 2018** • Minions licensed products joined the portfolio.
- 2019** • The Company's trade name was changed to "Pinar Su ve İçecek."  
• Pinar New Generation Yaşam Pınarım product family, Turkey's first vegan certified and functional glass bottle beverages, was introduced to consumers.
- 2020** • Pinar Su ve İçecek became the first water and beverage company with Carbon Neutral Certified products.  
• COVID-19 Safe Production Certification was obtained.  
• The sugar-free, vitamin-enriched Pinar Frii product family was launched.  
• The Production facilities were awarded "Zero Waste Certification."
- 2021** • The 0.33L - 1L - 1.5L production lines were installed at the Uludağ facility.

# CORPORATE GOVERNANCE PRACTICES AND FINANCIAL INFORMATION

# BOARD OF DIRECTORS

## E. Feyhan Yaşar - Chairperson of the Board of Directors

Feyhan Yaşar started her career in 1978 at DYO, a Yaşar Group company. She then served in the Yaşar Group as a manager in finance and management. After Selçuk Yaşar became Honorary President, she assumed the Chairperson role of the Yaşar Holding Board of Directors from 2004 to 2009. Feyhan Yaşar, who served on the Board of Directors of Group companies for many years, assumed the position of Deputy Chairperson of Yaşar Holding from 2014 to 2021. Feyhan Yaşar is the Chairperson of the Board of Directors of Yaşar Holding as of January 2022. She also serves on the Board of Directors of Group 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. In addition to her business life, she served as a Member of the Board of Directors of TÜSİAD, Chairperson of the Beverage Industry Assembly of the Union of Chambers and Commodity Exchanges of Turkey (TOBB), Chairperson of the Danish Business Council of DEİK. She participated in the annual DAVOS meetings as a World Economic Forum (WEF) member. Currently, she is a member of the Executive Board of the United Arab Emirates Business Council of the Foreign Economic Relations Board (DEİK), a member of the EBSO Assembly, a member of the SEV Board of Trustees, a member of the Board of Trustees of the Bosphorus University Foundation, a member of TUSIAD, SETBİR, and ESIAD. Feyhan Yaşar, who has been providing personal support to the Teos Ancient City excavations in Seferihisar, Izmir carried out by the Ministry of Culture and Tourism since 2011, has also been the Honorary Consul of Luxembourg since 2014. Feyhan Yaşar completed her undergraduate education at Boğaziçi University, Faculty of Administrative Sciences, Department of Business Administration, and completed her master's degree in the Department of Economics at Dokuz Eylül University. She speaks English and French.

## İdil Yiğitbaşı - Vice-Chairperson of the Board of Directors

İdil Yiğitbaşı completed her bachelor's degree in Business Administration at Boğaziçi University in 1986 and an MBA at Indiana University in 1989. İdil Yiğitbaşı, who started her career in Yaşar Group as an executive assistant in 1986, served as an Assistant System and Financial Analysis Coordinator between 1990-1995, the Coordinator of Pınar Food Group in 1995, and the Vice President of Pınar Food Group between 1997-2001, the Vice President responsible for Pınar Food Group's Milk and Dairy Products between 01 February 2001 and 31 January 2006, and a Member of the Board of Directors in various Group companies. She served as the Vice-Chairperson of the Board of Directors of Yaşar Holding between 2003-2009 and as the Chairperson of the Board of Directors of Yaşar Holding between 2009-2015. İdil Yiğitbaşı has been acting as the Vice-Chairperson of the Board of Directors of Yaşar Holding and the Chairperson and member of the Board of Directors of Yaşar Group companies since April 2015. İdil Yiğitbaşı is the Vice Chairperson of Selçuk Yaşar Sports and Education Foundation, a Member of the Board of Directors of Yaşar Education and Culture Foundation, a Member of the Board of Directors of the Aegean Region Chamber of Industry (EBSO) and Izmir Culture, Art and Education Foundation (İKSEV), Member of the Foreign Economic Relations Board of Turkey's (DEİK) UK Business Council Executive Board, Member of the Advisory Board of the Aegean Young Businessmen Association (EĞİAD), Member of the Turkish Industry and Business Association (TÜSİAD), Member of the Turkish Dairy, Meat and Food Industrialists' and Producers' Association (SETBİR), Member of the Aegean Industry and Business Association (ESIAD), Member of the Family Businesses Association (TAİDER) Member of the Advertisers Association (RVD) and Member of the Corporate Governance Association of Turkey (TKYD).

## Sezai Bekgöz - Independent Board Member

After graduating from the Ankara University, Faculty of Political Sciences, Department of Economics, Bekgöz completed his postgraduate education at the Faculty of Economics of Istanbul University, receiving a Ph.D. in banking from the Marmara University, Institute of Banking and Insurance. Between 1983 and 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 and 1998 and as the Deputy President for Markets, Risk Management, and Member Affairs between 1998 and 2007. Between 1997 and 2007, he served as a Member of the Board of Directors of the 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 continues to provide consultancy services in Turkey and abroad and is an independent board member. He serves on the board of directors of several companies within the body of Yaşar Group.

# BOARD OF DIRECTORS

## Yeşim GÜRA - Independent Board Member

Yeşim GÜRA completed her bachelor's degree in Business Administration at Boğaziçi University in 1989 and her MBA at Indiana University in 1991 with a TEV scholarship. Having started her career as a Financial Analyst at Procter & Gamble A.Ş. in 1991, GÜRA served as Sales Finance Director, Finance Group Manager, Corporate Finance Director, Financial Analysis Director, and Budget Planning Director in the same company. GÜRA, who held senior positions at Danone Hayat İçecek ve Gıda Sanayi A.Ş. between 2004 and 2017, served as the General Manager of Danone Hayat İçecek ve Gıda Sanayi A.Ş. for eight years starting from 2009. She was the Chairperson of SUDER (Bottled Water Association) for a brief period during this time. After her finance career, Yeşim GÜRA, who also proved her effectiveness and expertise in the field of General Management, served as the General Manager of Altıparmak Gıda A.Ş. ve Draeger Medikal ve Korunma Teknolojileri A.Ş. She held the position of Vice-Chairperson of the Board of Directors of Draeger Turkey and was a member of the European Leadership Team. GÜRA has been working as an Independent International Consultant since May 2020 and is currently a Strategic Consultant and Executive Coach as well as Business Coach within the scope of the European Commission Innovation Program. She has worked as an Independent Member of the Board of Directors appointed by IFC (International Finance Corporation) at Acıbadem City Clinic BV since November 2021. Yeşim GÜRA is a member of the IU Kelley School of Business Global Dean's Council and a Board Member of YÜD (Board Members Association). She speaks English and French.

## Yılmaz GÖKOĞLU - Board Member

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

## Cengiz EROL - Board Member

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. EROL, who worked as Assistant Professor of Finance at Çukurova University between 1983 and 1985, at Yarmouk University in Jordan from 1985 to 1990, and Associate Professor of Finance at the Department of Business Administration at METU from 1990 to 1993, was a Professor of Finance at the Department of Business Administration at METU from 1993 to 2010. Serving as Ereğli Demir Çelik General Manager Consultant from 1991 to 1994, Member of the Ankara Sigorta Board of Directors and Ankara Emeklilik Sigorta President from 2000 to 2003, Consultant to the Board of Directors at İnterfarma Tıbb. Mal. A.Ş. between 2002 and 2004, Member of the Board of Directors at İnterfarma Tıbb. Mal. A.Ş. from 2004-2008, and Head of the Department of Business Administration at METU between 2008 to 2010, Cengiz EROL also assumed the position of METU Rector Advisor and Member of the Executive Board of ÖSYM. EROL served as the Head of the International Trade and Finance Department at İzmir University of Economics from 2011 to 2013 and was a faculty member of the International Trade and Finance Department and Director of the Institute of Social Sciences at the İzmir University of Economics from 2010 to 2015. EROL has served on the Board of Directors of Yaşar Group companies since March 2014 and has been a faculty member at Yaşar University since 2017.

## Mehmet AKTAŞ - Board Member

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

*In Yaşar Group, of which the Company is also a member, it is possible for members of the Board of Directors to also be members of the board of directors in other Group companies, and various transactions between these companies can be evaluated within the scope of Article 395/1 of the TCC. However, the parties to the transactions 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 can minimize the costs arising from unexpected adverse events and their effects on the asset values of our company.

### Risk Management Policy of the Company

The Company's Board of Directors adopts risk management strategies that will minimize the effect and possibility of risks that may affect shareholders in the first place and all stakeholders of the Company. It 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 to detect the risks early on and create an effective risk management system.

The Committee monitors corporate risk management activities to create a prioritized risk inventory within the framework of risk management policy and procedures, determine appropriate risk strategies and monitor the results by taking the necessary actions and 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 made 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 include;

- The internal control mechanism is the standard definitions, policies and procedures, job descriptions, and authorization

structures for business processes.

- Current controls for risks of great 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 reduce their impact and possibility of occurrence. The internal control mechanism is the standard definitions, policies and procedures, job descriptions, and authorization structures for business processes. In this context, all control systems, including preventive/detective and remedial systems, have been established by the management for the Company to carry out its business activities effectively and efficiently.

Using 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 is 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 uses 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 processes of determining and implementing the necessary actions for the determinations and suggestions within this scope are closely monitored.

## LEGAL DISCLOSURES

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

The Company's Ordinary General Meeting was held on March 25, 2021, and the decisions were implemented. There was no Extraordinary General Assembly Meeting held in 2021.

### Affiliated Company Report

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

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

Necessary explanations about the business transactions our Company have entered into with the related parties are included in this report herewith. 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 2021, an appropriate counteraction was provided in each transaction according to the state and conditions known to us at the time of the transaction, when the action was taken or avoided, and that no measures were taken, or not taken that caused damage to the company. And within this framework, there was no need to take any actions or measures required for offsetting.

### Grants and Donations

The Company can donate to foundations established for various purposes and to such persons and/or institutions within limits set by the regulations of the Capital Markets Board on the subject. In 2021, the Company made donations and financial assistance in the amount of TRY 245,487 to various institutions and organizations.

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

An explanation on the subject is included in footnote 15 of our financial statements drawn for the period of 01.01.2021 - 31.12.2021.

### 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 to the Articles of Association Made During the Period

The amendment of Article 6 of the Company's Articles of Association, titled "Registered Capital," was approved by the letter of the Department of Corporate Finance of the Capital Markets Board dated 11.02.2021 and numbered E-29833736-110.04.04.1647 and the preliminary permit letter of the the General Directorate of Domestic Trade of the Ministry of Trade and Commerce dated 18.02.2021 and numbered E-50035491-431.02-00061601127, and the amendment was submitted for shareholder approval at the 2020 Ordinary General Assembly meeting held on 25.03.2021 and unanimously accepted and approved.

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

Financial benefits furnished to the Chairperson and Members of the Board of Directors and senior management are determined within the Remuneration Policy framework posted on our website. The total wages and similar payments provided to the Members of the Board of Directors and senior executives in the twelve months ending on 31.12.2021 is TRY 1,915,088.

### Disclosures Regarding Independent and Public Audit During the Fiscal Period

In 2021, regular inspections were carried out by various public institutions; no significant notifications were officially made to us.

### Statement on Company Equity

As of 31 December 2021, it is noted that the equity level of TRY 226,998,580 and the issued capital of TRY 94,762,708.45 are excessively protected.

### **Voting Rights and Minority Interests**

There is no privilege on voting rights.

Regarding the exercise of voting rights, there are no provisions in the Company's articles of association that prevent a non-shareholder from voting by proxy as a representative. Without prejudice to the provisions of the legislation and Articles of Association, voting at the General Assembly Meeting is held openly and by raising hands. Each share has one voting right. Upon the request of the shareholders, the voting method is determined by the General Assembly.

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

### **Working Principles of the Board of Directors**

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

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

Details regarding the working principles of the Board of Directors and the 2021 fiscal year are as follows: The Board of Directors convened 46 times during the activity period. Usually, all members attend the meetings. Damages to be inflicted on the Company by the faults of the members of the board of directors during their duties are insured to cover 25% of the capital.

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

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

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

Mr. Sezai Bekgöz is the Chairperson of the Audit Committee, and Mrs. Yeşim Güra is the member of the Committee. Both members are non-executive, non-affiliated board members. Audit Committee meetings are held at least once every three months, at least four times a year.

Within the scope of committee activities, information on the operations of the Company and internal control systems were obtained from the Company executives. In contrast, audit findings were collected from the independent auditors. The Committee supervises the accounting system of the partnership, the disclosure of financial information to the public, and the functioning and efficiency of the independent audit and internal control system. In addition, it carries out the selection of the independent audit firm, the preparation of the independent audit contract and initiation of the independent audit process, and the observance of the work of the independent audit firm. It informs the Board of Directors of the truthfulness and accuracy of the annual and interim financial statements to be disclosed to the public.

The Corporate Governance Committee's Chairperson is non-executive and independent board member Mrs. Yeşim Güra. The Committee Members are non-executive and independent board member Mr. Sezai Bekgöz, non-executive board member Mr. Cengiz Erol, and the Director of the Investor Relations Department, Mr. Onur Öztürk. Corporate Governance Committee meetings are held at least once every three months, at least four times a year. The Corporate Governance Committee determines whether the Corporate Governance Principles are applied in the Company, why 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.

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

## LEGAL DISCLOSURES

The Corporate Governance Committee determines the recommendations of the members of the Board of Directors and senior executives regarding the remuneration principles by considering the Company's long-term goals per the Remuneration Committee's duties.

The Early Detection of Risks Committee is responsible for the early diagnosis of risks that may endanger the Company's existence, development, and continuation, taking necessary precautions regarding the detected risks, and carrying out studies for the proper risk management. The Committee Chairperson is non-executive and independent board member Mr. Sezai Bekgöz, Committee Members are non-executive and independent board members Mrs. Yeşim Gura and non-executive board members Mr. Yılmaz Gökoğlu and Mr. Cengiz Erol.

In the evaluation made by the Company's board of directors, all Company committees are established per the legislation; activities are carried out effectively per the working principles previously established and published on our Company's website, and a sufficient number of meetings are held periodically during the year. As a result of these meetings, the Audit Committee ensures the supervision of the Company's accounting system and financial information

and the effectiveness of its disclosure to the public. It regularly submits its findings, opinions, and suggestions on this matter to the Company's board of directors, and it has been evaluated that the Early Risk Detection Committee reviewed the effectiveness of internal control and risk management processes as well as the structure of early warning systems and identified the risks.

### **Strategic Objectives of the Company**

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

### **Dividend Distribution Policy**

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

# AGENDA

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

### **AGENDA OF THE ORDINARY GENERAL ASSEMBLY OF 2021 DATED 29 MARCH 2022**

1. Opening and election of the Chairperson of the Meeting,
2. Authorizing the Meeting Chair to sign the General Assembly Meeting Minutes,
3. Reading, negotiating, and approving the 2021 Annual Report prepared by the Company's Board of Directors,
4. Reading and discussing the Independent Audit Report for the fiscal year 2021,
5. Reading, negotiating, and approving the Financial Statements for the fiscal year 2021,
6. Approving the Board of Directors Member elected in place of the vacant Board of Directors Member position,
7. Releasing the members of the Board of Directors from their duties for the Company's activities in 2021,
8. Submitting the selection of the Independent Audit Firm made by the Board of Directors for the approval of the General Assembly per the Turkish Commercial Code and Capital Markets Board regulations,
9. 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,
10. Pursuant to Article 408 of the Turkish Commercial Code, determining the wages of the members of the Board of Directors and their rights such as per diem, bonuses, and premiums,
11. Per 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 per the Capital Market Legislation for the approval of the General Assembly.
13. Discussing and settling on the issue of year profit,
14. Allowing the Members of the Board of Directors to make transactions per the Articles 395 and 396 of the Turkish Commercial Code,
15. Wishes and opinions, closing.

## DECLARATION OF NON-AFFILIATION

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

- There is no employment relationship in the managerial position that had undertaken essential duties and responsibilities in 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, or 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, partnerships that possess or have a significant influence on the management control of the company, and partners who possess or have a significant influence on the management control of the company 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), employed in a managerial position to assume essential 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 of public institutions and organizations, except as a university lecturer, provided that it is per the legislation I am bound with,
- I am deemed to be residing in Turkey according to the Income Tax Law No. 193 dated 31/12/1960,
- I have strong ethical standards, a 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 per the rights of the stakeholders,
- I will be able to devote time to Company affairs to the extent that would enable me to follow the functioning of Company activities and fully fulfill the requirements of the tasks I have undertaken,
- I have not served as a member of the Company's board of directors for more than six years in total within the past ten years,
- I have not served as an independent board member in more than three of the companies controlled by the Company or its shareholders who have management control, and in more than five of the companies listed on the stock exchange in total,
- I have not been registered and declared in name as the legal person elected as a board of directors member.

Hence, I am capable of fulfilling my duty as an independent member of the Company's board of directors.

Respectfully yours,  
Sezai BEKGÖZ



## DECLARATION OF NON-AFFILIATION

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

- There is no employment relationship in the managerial position that had undertaken essential duties and responsibilities in 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, or 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, partnerships that possess or have a significant influence on the management control of the company, and partners who possess or have a significant influence on the management control of the company 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), employed in a managerial position to assume essential 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 of public institutions and organizations, except as a university lecturer, provided that it is per the legislation I am bound with,
- I am deemed to be residing in Turkey according to the Income Tax Law No. 193 dated 31/12/1960,
- I have strong ethical standards, a 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 per the rights of the stakeholders,
- I will be able to devote time to Company affairs to the extent that would enable me to follow the functioning of Company activities and fully fulfill the requirements of the tasks I have undertaken,
- I have not served as a member of the Company's board of directors for more than six years in total within the past ten years,
- I have not served as an independent board member in more than three of the companies controlled by the Company or its shareholders who have management control, and in more than five of the companies listed on the stock exchange in total,
- I have not been registered and declared in name as the legal person elected as a board of directors member.

Hence, I am capable of fulfilling my duty as an independent member of the Company's board of directors.

Respectfully yours,  
YEŞİM GÜRA



# STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

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

**a)** PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş. ("Company") complied with all mandatory articles of Corporate Governance Principles in the annex of Corporate Governance Communiqué numbered II-17.1 published by the Capital Markets Board (CMB) during the operating period that ended on December 31, 2021.

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

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

**1.3.11.** There is no clause in our Company's Articles of Association regarding the participation of the beneficiaries and the media in the General Assembly. Independent audit firm officials and corporate governance rating agency officials also attend our General Assembly meetings. No request for participation from other stakeholders and the media has reached our Company.

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

**4.3.9** A policy has not been established for the proportion of female members on the Company's board of directors. However, there are currently three female members on our Board of Directors.

**4.4.7** The members of our Company's Board of Directors are not restricted from taking on other duties beyond the company. These duties are presented to the shareholders in the Annual Report.

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

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

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

The 2021 Corporate Governance Compliance Report (URF) and Corporate Governance Information Form (KYBF) prepared per the CMB's Decision No. 2/49 dated 10.01.2019 are separately disclosed on the public and corporate website of the Public Disclosure Platform ([www.kap.gov.tr](http://www.kap.gov.tr)). Related documents can also be accessed from our Company's corporate governance page 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>).

With the addition of Sustainability Principles by the CMB with Communiqué (II-17.1.a) and Amending the Corporate Governance Communiqué (II-17.1) on October 2, 2020, the Company considers the environmental impacts of its activities as part of its sustainability efforts. It includes the sustainability principles when identifying its corporate governance strategy. Regarding compliance with the principles, our Company will also make the necessary efforts by following the developments and practices in legislation in future periods, as it does currently.



# SUSTAINABILITY COMPLIANCE REPORTING

		COMPLIANCE STATUS			EXPLANATION	RELEVANT REPORTS AND PAGES
		YES	NO	PARTIALY		
	PRINCIPLES					
A.	General Principles					
A1.	Strategy, Policies, and Targets					
A1.1	The Board of Directors determines material ESG issues, risks, and opportunities and creates ESG policies accordingly. In terms of the effective implementation of these policies, internal directives, business procedures of Companies, etc., can be prepared. The Board of Directors takes decisions on these policies, which are publicly disclosed.			✓	Our strategies and targets are determined within the framework of the Yaşar Group Sustainability Policy and Company policies, and it is planned that the decisions of the Board of Directors for the policies will be completed in 2022.	Pınar Su ve İçecek Website <a href="https://www.pinarsu.com.tr/pinar-su-siparis-uygulamasi#kalite">https://www.pinarsu.com.tr/pinar-su-siparis-uygulamasi#kalite</a> <a href="https://www.pinar.com.tr/hakkimizda/detay/Yonetim-Sistemleri-Politikasi/2925/3350/0">https://www.pinar.com.tr/hakkimizda/detay/Yonetim-Sistemleri-Politikasi/2925/3350/0</a>
A1.2	It determines the Company Strategy in line with the ESG policies, risks, and opportunities. It determines the short and long-term goals in line with the Company's strategy and ESG policies and makes them public.	✓			The 2020 Sustainability Report of Yaşar Holding covers the sustainability performance of nine Group companies between 1 January 2020 and 31 December 2020. This report, which includes Pınar Su, was prepared to share the approach, strategies, efforts, and performance in the field of sustainability and social contribution in 2020 with its stakeholders. Targets are set within the scope of ESG and are reviewed every three months.	Yaşar Holding 2020 Sustainability Report, Page: 4 <a href="https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf">https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf</a>
A2.	Implementation/Monitoring					
A2.1	It determines the committees/units responsible for executing ESG policies and making them public. The responsible committee/unit reports the activities carried out within the scope of the policies to the Board of Directors at least once a year and, in any case, within the maximum periods determined for the public disclosure of the annual activity reports in the relevant regulations of the Board.	✓				Pınar Su ve İçecek 2021 Annual Report, Sustainability Approach Pages: 28-33 Yaşar Holding 2020 Sustainability Report, Pages: 36-37 <a href="https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf">https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf</a>
A2.2	It creates and publicly discloses implementation and action plans in line with the short-term and long-term goals.	✓				Yaşar Holding 2020 Sustainability Report, Pages: 216-217 <a href="https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf">https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf</a>
A2.3	It determines Key ESG Performance Indicators (KPIs) and explains them yearly. In the presence of verifiable data, it presents KPIs with local and international sector comparisons.			✓	Sustainability Committees work on increasing sustainability awareness and spreading good practices. At the same time, Sustainability Leaders in companies monitor the performance indicators identified to achieve the targets and present them to the Company management.	Yaşar Holding 2020 Sustainability Report, Pages: 36 - 37 <a href="https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf">https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf</a>
A2.4	It explains the innovation activities that improve the sustainability performance of business processes.	✓				Pınar Su ve İçecek 2021 Annual Report, Sustainability Approach Pages: 28-33
A3.	Reporting					
A3.1	It reports its sustainability performance, goals, and actions at least once a year and makes it public. It explains the information on sustainability activities within the scope of the Annual Report.	✓			The 2020 Sustainability Report of Yaşar Holding covers the sustainability performance of nine Group companies between 1 January 2020 and 31 December 2020.  This report, which includes Pınar Su ve İçecek, was prepared with the aim of sharing the approach, strategies, efforts, and performance in the field of sustainability and social contribution in 2020 with its stakeholders. In addition, the Sustainability Approach section of Pınar Su ve İçecek's Annual Report describes the practices.	Yaşar Holding 2020 Sustainability Report, Page: 6 <a href="https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf">https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf</a>  Pınar Su ve İçecek 2021 Annual Report, Sustainability Approach Pages: 28-33
A3.2	It is essential to share information necessary for stakeholders to understand the position, performance, and development of the Company, directly and concisely. It can also explain detailed information and data on the corporate website, and prepare separate reports that directly meet the needs of different stakeholders.	✓				Pınar Su ve İçecek Investor Relations: <a href="https://yatirim.pinarsu.com.tr/yatirim.aspx?dil=QkFpL2NvY3F1ODkwZVpU250Yjh4dz09">https://yatirim.pinarsu.com.tr/yatirim.aspx?dil=QkFpL2NvY3F1ODkwZVpU250Yjh4dz09</a>

		COMPLIANCE STATUS			EXPLANATION	RELEVANT REPORTS AND PAGES
		YES	NO	PARTIALY		
	<b>PRINCIPLES</b>					
A3.3	It takes maximum care in terms of transparency and reliability. It objectively explains all kinds of developments on material issues in disclosures and reporting per the balanced approach.	✓			The 2020 Sustainability Report of Yaşar Holding covers the sustainability performance of nine Group companies between 1 January 2020 and 31 December 2020. This report, which includes Pinar Su, was prepared to share the approach, strategies, efforts, and performance in the field of sustainability and social contribution in 2020 with its stakeholders. In addition, the Sustainability Approach section of Pinar Su's Annual Report describes the Company's sustainability practices.	Pinar Su ve İçecek Information Policy: <a href="https://yatirim.pinarsu.com.tr/yatirim.aspx?id=dVIBSUNIR3FpNVJpK0lVM-3Mr-b3g2UmdvbJN0Wo4cFU2ek9TVW-dUR-WNsZz0%3d&amp;dil=QkFpL2NvY3FlODkwZ-Vp-kU250Yjh4dz09">https://yatirim.pinarsu.com.tr/yatirim.aspx?id=dVIBSUNIR3FpNVJpK0lVM-3Mr-b3g2UmdvbJN0Wo4cFU2ek9TVW-dUR-WNsZz0%3d&amp;dil=QkFpL2NvY3FlODkwZ-Vp-kU250Yjh4dz09</a>
A3.4	It gives information on which of the United Nations (UN) 2030 Sustainable Development Goals its activities are related to.	✓			Pinar Su ve İçecek continues its efforts to comply with the Sustainable Development Goals of the Yaşar Group.	Pinar Su ve İçecek 2021 Annual Report, Pinar Su ve İçecek Family Pages: 26-27  Sustainability Approach, Pages: 28-33  Yaşar Holding 2020 Sustainability Report, Pages: 24-25  <a href="https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf">https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf</a>
A3.5	It explains the lawsuits filed and/or concluded regarding environmental, social, and corporate governance issues.			✓	Information on lawsuits filed against the Company that may impact its financial position is provided under the legal statements in the Annual Report. There are no statements made related to ESG that do not affect the financial situation.	Pinar Su ve İçecek 2021 Annual Report, Legal Disclosures Pages: 42-44
A4.	<b>Verification</b>					
A4.1	If verified by independent third parties (independent sustainability assurance providers), it discloses its sustainability performance measurements to the public and endeavors to increase such verification processes.		✓		Although sustainability efforts and performance monitoring are carried out, independent third-party verification is not performed on the data.	
B.	<b>Environmental Principles</b>					
B1	It explains policies and practices, action plans, environmental management systems (known by the ISO 14001 standard), and programs in the field of environmental management.	✓				Pinar Su ve İçecek Website <a href="https://www.pinarsu.com.tr/pinar-su-siparis-uygulamasi#kalite">https://www.pinarsu.com.tr/pinar-su-siparis-uygulamasi#kalite</a>
B2	It complies with environmental laws and other relevant regulations and explains them.	✓				Pinar Su ve İçecek Website <a href="https://www.pinarsu.com.tr/pinar-su-siparis-uygulamasi#kalite">https://www.pinarsu.com.tr/pinar-su-siparis-uygulamasi#kalite</a>
B3	It explains the limitations of the environmental report to be included in the report prepared within the scope of the Sustainability Principles, reporting period, reporting date, data collection process, and reporting conditions.	✓			Information and data on the Sustainability Principles of Pinar Su ve İçecek are published in the Yaşar Holding Sustainability Report, which is prepared as a consolidated document. The Sustainability Report prepared annually includes data and information on the reporting period, reporting date, reporting standard, and reporting scope.	Yaşar Holding 2020 Sustainability Report, Page: 4  <a href="https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf">https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf</a>
B4	It describes the highest responsible person, relevant committees, and responsibilities in the Company on the issues of the environment and climate change.	✓				Pinar Su ve İçecek 2021 Annual Report, Sustainability Approach Pages: 28 – 33
B5	It describes the incentives it offers for the management of environmental issues, including the achievement of objectives.	✓				Pinar Su ve İçecek 2021 Annual Report, Sustainability Approach Pages: 28 – 33
B6	It explains how environmental problems are integrated into business goals and strategies.	✓				Pinar Su ve İçecek 2021 Annual Report, Sustainability Approach Pages: 28 – 33

# SUSTAINABILITY COMPLIANCE REPORTING

		COMPLIANCE STATUS			EXPLANATION	RELEVANT REPORTS AND PAGES
		YES	NO	PARTIALY		
	PRINCIPLES					
B7	It explains the sustainability performance of business processes, products, and services and the activities to improve this performance.	✓				Pınar Su ve İçecek 2021 Annual Report, Sustainability Approach Pages: 28 – 33  Yaşar Holding 2020 Sustainability Report, Pages 28 - 33:  <a href="https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf">https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf</a>
B8	It explains how it manages environmental issues along the Company's value chain and integrates suppliers and customers into its strategies, not just in terms of direct operations.	✓				Pınar Su ve İçecek 2021 Annual Report, Sustainability Approach Pages: 28-33  Customers and Consumers of Pınar Su ve İçecek, Pages: 22-24  Supplier Relations Page: 18  Yaşar Holding 2020 Sustainability Report, Page: 188  <a href="https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf">https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf</a>
B9	Whether it is involved in policy-making processes on environmental issues (sectoral, regional, national, and international); it explains the cooperation it has made with the associations, related organizations, and non-governmental organizations it is a member of regarding the environment, the duties it has taken, if any, and the activities it supports.	✓				Pınar Su ve İçecek 2021 Annual Report, Sustainability Approach Pages: 28-33
B10	It reports information on its impacts in a periodically comparable manner per environmental indicators (Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect)), air quality, energy management, water and wastewater management, waste management, and biodiversity impacts).			✓	The Company does not report Scope-3 activities under the environmental indicators category.	Yaşar Holding 2020 Sustainability Report, Pages: 199 / 214-215 / 227  <a href="https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf">https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf</a>  Pınar Su ve İçecek 2021 Annual Report, Sustainability Approach Pages: 28-33  Pınar Su ve İçecek 2020 Annual Report, Sustainability Approach Pages: 30-31  <a href="https://yatirim.pinarsu.com.tr/UserFiles/PINSU-2020-FR.pdf">https://yatirim.pinarsu.com.tr/UserFiles/PINSU-2020-FR.pdf</a>
B11	It describes the standard, protocol, methodology, and base year details used to collect and calculate its data.	✓				Yaşar Holding 2020 Sustainability Report, Pages: 4-5  <a href="https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf">https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf</a>
B12	It describes the status of environmental indicators for the reporting year (increase or decrease) in comparison with previous years.	✓				Yaşar Holding 2020 Sustainability Report, Pages: 199 / 214-215  <a href="https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf">https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf</a>
B13	It sets short and long-term goals to reduce their environmental impact and explains these goals. It is recommended that these goals be determined based on Science as suggested by the United Nations Conference of the Parties on Climate Change. If there is progress in the reporting year per the targets set before, it provides information on the subject.			✓	The Company works to set targets within the "Science-based Targets Program" scope. However, Pınar Su ve İçecek calculates and monitors its carbon and water footprint and energy efficiency annually.	Yaşar Holding 2020 Sustainability Report, Pages: 29-30  <a href="https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf">https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf</a>
B14	Explain the strategy and actions to combat the climate crisis.	✓				Yaşar Holding 2020 Sustainability Report, Pages: 199 / 214-215 / 227  <a href="https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf">https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf</a>  Pınar Su ve İçecek 2021 Annual Report, Sustainability Approach Pages: 28-33

	PRINCIPLES	COMPLIANCE STATUS			EXPLANATION	RELEVANT REPORTS AND PAGES
		YES	NO	PARTIALY		
B15	It describes the program or procedures to prevent or minimize the potential negative impact of the products and / or services it offers and explains the actions of third parties to reduce greenhouse gas emissions.			✓	The consolidated Yaşar 2020 Sustainability Report explains the activities related to greenhouse gas emissions arising from the Company's operations and waste, water, and energy management. However, there is no described action to reduce third parties' greenhouse gas emissions.	Pınar Su ve İçecek 2021 Annual Report, Sustainability Approach Pages: 28-33  Yaşar Holding 2020 Sustainability Report, Pages: 199 / 214-215 / 227  <a href="https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf">https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf</a>  Pınar Su ve İçecek 2020 Annual Report, Page: 31  <a href="https://yatirim.pinarsu.com.tr/UserFiles/PINSU-2020-FR.pdf">https://yatirim.pinarsu.com.tr/UserFiles/PINSU-2020-FR.pdf</a>
B16	It explains the actions taken to reduce its environmental impacts, the number of projects and initiatives carried out, and the environmental benefits/revenues and cost savings they provide.			✓	The consolidated Yaşar Holding 2020 Sustainability Report explains the activities related to greenhouse gas emissions arising from the Company's operations and management of waste, water, and energy. However, detailed information about the total number of projects and initiatives carried out, and the environmental benefits/gains and cost savings provided are not disclosed.	Pınar Su ve İçecek 2021 Annual Report, Sustainability Approach Pages: 28-33  <a href="https://yatirim.pinarsu.com.tr/UserFiles/PINSU-2020-FR.pdf">https://yatirim.pinarsu.com.tr/UserFiles/PINSU-2020-FR.pdf</a>  Yaşar Holding 2020 Sustainability Report, Pages: 199 / 214-215 / 227  <a href="https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf">https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf</a>  Pınar Su ve İçecek 2020 Annual Report, Pages: 30-31  <a href="https://yatirim.pinarsu.com.tr/UserFiles/PINSU-2020-FR.pdf">https://yatirim.pinarsu.com.tr/UserFiles/PINSU-2020-FR.pdf</a>
B17	It reports the total energy consumption data (excluding raw materials) and explains energy consumption as Scope-1 and Scope-2.	✓				Yaşar Holding 2020 Sustainability Report, Pages: 214 - 215  <a href="https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf">https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf</a>
B18	It provides information on electricity, heat, steam, and cooling generated and consumed in the reporting year.	✓				Yaşar Holding 2020 Sustainability Report, Pages: 214 - 215  <a href="https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf">https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf</a>
B19	It conducts studies on increasing the use of renewable energy and the transition to zero or low carbon electricity and explains these studies.		✓			Yaşar Holding 2020 Sustainability Report, Pages: 214 - 215  <a href="https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf">https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf</a>
B20	It explains the renewable energy production and usage data.		✓		No renewable energy source was used within the relevant reporting period.	
B21	It realizes energy efficiency projects and explains the energy consumption and emission reduction resulting from these studies.	✓				Yaşar Holding 2020 Sustainability Report, Pages: 30 - 31  <a href="https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf">https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf</a>  Pınar Su ve İçecek 2021 Annual Report, Sustainability Approach Pages: 28-33  Pınar Su ve İçecek 2020 Annual Report, Sustainability Approach Pages: 30 - 31  <a href="https://yatirim.pinarsu.com.tr/UserFiles/PINSU-2020-FR.pdf">https://yatirim.pinarsu.com.tr/UserFiles/PINSU-2020-FR.pdf</a>
B22	It reports the amount of water withdrawn, used, recycled, and discharged from underground or above ground, its sources and procedures (total water withdrawal by source, water resources affected by water withdrawal; percentage and total volume of recycled and reused water, etc.).			✓	Yaşar Holding's 2020 Sustainability Report, prepared as a consolidated document, includes the Company's wastewater and water efficiency data.	Yaşar Holding 2020 Sustainability Report, Page: 199  <a href="https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf">https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf</a>
B23	It explains whether operations or activities are included in any carbon pricing system (Emission Trading System, Cap & Trade, or Carbon Tax).		✓		The Company is not included in the ETS and carbon pricing system.	
B24	Describes the carbon credit information accumulated or purchased during the reporting period.		✓		No carbon credit was used within the relevant reporting period.	

# SUSTAINABILITY COMPLIANCE REPORTING

		COMPLIANCE STATUS			EXPLANATION	RELEVANT REPORTS AND PAGES
		YES	NO	PARTIALY		
	PRINCIPLES					
B25	Explains the details of carbon pricing is applied within the Company.		✓		No studies were conducted within the relevant reporting year.	
B26	It explains all mandatory and voluntary platforms where it discloses environmental information.	✓				Pınar Su ve İçecek 2021 Annual Report, Sustainability Approach Pages: 28-33
C.	Social Principles					
C1.	Human Rights and Employee Rights					
C1.1	It forms a Human Rights and Employee Rights Policy with a commitment to fully complying with the Universal Declaration of Human Rights, ILO Conventions, which Turkey has confirmed, and the legal framework and regulations governing the operation of corporate life in Turkey. It discloses the policy in question and the roles and responsibilities associated with its implementation.	✓				Pınar Su ve İçecek 2021 Annual Report, Sustainability Approach Pages: 28-33  Pınar Su ve İçecek 2021 Annual Report, Pınar Su ve İçecek Family Pages: 26 - 27
C1.2	It provides equal opportunity in recruitment processes. Considering supply and value chain effects, it includes fair labor, improvement of labor standards, women's employment, and inclusion issues (such as gender, religious belief, language, race, ethnic origin, age, disability, refugee status, etc.) in its policies.	✓				Pınar Su ve İçecek 2021 Annual Report, Pınar Su ve İçecek Family Pages: 26 - 27  Pınar Su ve İçecek Investor Relations Website, Yaşar Group Business Ethics Rules  <a href="https://yatirim.pinarsu.com.tr/UserFiles/YasarToplulugulsEtigiKurallari-2021.pdf">https://yatirim.pinarsu.com.tr/UserFiles/YasarToplulugulsEtigiKurallari-2021.pdf</a>
C1.3	It describes the measures taken along the value chain for protecting groups sensitive to specific economic, environmental, and social factors (low-income groups, women, etc.) or minority rights/equality of opportunity.			✓	Supporting the empowerment of women in every sector in which it operates, the Yaşar Group signed the "UN CEO Statement of Support for the Women's Empowerment Principles" in 2012. The Group also participated in the "Equality at Work Platform" put forward by the World Economic Forum and maintained under the leadership of the Ministry of Family and Social Policies, and in the "Women's Empowerment Working Group" created by the Board of Global Compact Turkey. Pınar Su ve İçecek strives to bring women to influential positions in new assignments within the company and emphasizes the importance of employing women in supplier audits.	Yaşar Holding 2020 Sustainability Report, Page: 74  <a href="https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf">https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf</a>
C1.4	It reports developments regarding discrimination, inequality, human rights violations, forced labor, and corrective practices. It explains the regulations against child labor.	✓				Yaşar Holding 2020 Sustainability Report, Page: 78  <a href="https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf">https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf</a>  Pınar Su ve İçecek Investor Relations Website, Yaşar Group Business Ethics Rules  <a href="https://yatirim.pinarsu.com.tr/UserFiles/YasarToplulugulsEtigiKurallari-2021.pdf">https://yatirim.pinarsu.com.tr/UserFiles/YasarToplulugulsEtigiKurallari-2021.pdf</a>
C1.5	It explains policies regarding investment in employees (training, development policies), compensation, vested benefits, the right to unionize, work/life balance solutions, and talent management. It determines dispute resolution processes by creating employee complaints and dispute resolution mechanisms. It regularly explains the activities carried out to ensure employee satisfaction.	✓				Yaşar Holding 2020 Sustainability Report, Pages: 72 - 83  <a href="https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf">https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf</a>  Pınar Su ve İçecek 2021 Annual Report, Pınar Su ve İçecek Family Pages: 26-27  Sustainability Approach, Pages: 28-33
C1.6	It creates occupational health and safety policies and makes them public. It explains the precautions taken and accident statistics gathered to prevent work accidents and health.	✓				Yaşar Holding 2020 Sustainability Report, Pages: 104 /250  <a href="https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf">https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf</a>  Pınar Su ve İçecek 2021 Annual Report, Pınar Su ve İçecek Family Pages: 26-27

		COMPLIANCE STATUS			EXPLANATION	RELEVANT REPORTS AND PAGES
		YES	NO	PARTIALY		
	<b>PRINCIPLES</b>					
C1.7	It creates and publicly discloses personal data protection and data security policies.			✓	A "Personal Data Storage and Destruction Policy" applies to all Yaşar Group Companies and has not been publicly disclosed. The information text is available on the Company's website.	Pınar Su Website <a href="https://www.pinarsu.com.tr/pinar-su-siparis-uygulamasi#kalite">https://www.pinarsu.com.tr/pinar-su-siparis-uygulamasi#kalite</a> <a href="https://www.pinarsu.com.tr/">https://www.pinarsu.com.tr/</a>
C1.8	It creates an ethical policy (including work, work ethics, compliance processes, advertising and marketing ethics, available information, etc.) and makes it public.	✓				Yaşar Holding 2020 Sustainability Report, Pages: 48 - 49 <a href="https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf">https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf</a> Pınar Su Investor Relations Website, Yaşar Group Business Ethics Rules <a href="https://yatirim.pinarsu.com.tr/UserFiles/YasarToplulugulsEtigiKurallari-2021.pdf">https://yatirim.pinarsu.com.tr/UserFiles/YasarToplulugulsEtigiKurallari-2021.pdf</a>
C1.9	It explains work within the scope of social investment, social responsibility, financial inclusion, and access to financing.			✓	Pınar Su ve İçecek carries out its social responsibility activities under the umbrella of Pınar.	Yaşar Holding 2020 Sustainability Report, Pages: 146 - 149 <a href="https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf">https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf</a> Pınar Su ve İçecek 2021 Annual Report, Corporate Social Responsibility Pages: 34-35
C1.10	It organizes informational meetings and employee training programs on ESG policies and practices.	✓				Pınar Su ve İçecek 2021 Annual Report, Pınar Su ve İçecek Family Pages: 26-27 Yaşar Holding 2020 Sustainability Report, Pages: 91-94 <a href="https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf">https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf</a>
C2.	Stakeholders, International Standards and Initiatives					
C2.1	It carries out its sustainability initiatives by considering the needs and priorities of all stakeholders (employees, customers, suppliers and service providers, public institutions, shareholders, society and non-governmental organizations, etc.).	✓			The Prioritization Matrix of the Yaşar Group includes Pınar Süt's stakeholders and was prepared by canvassing the stakeholders' opinions.	Yaşar Holding 2020 Sustainability Report, Pages: 40 - 41 <a href="https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf">https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf</a>
C2.2	It formulates a customer satisfaction policy for managing and resolving customer complaints and discloses it to the public.	✓				Pınar Su ve İçecek 2021 Annual Report, Customers and Consumers of Pınar Su ve İçecek, Page: 22 Yaşar Holding 2020 Sustainability Report, Page: 135 <a href="https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf">https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf</a> Pınar Su ve İçecek Website: <a href="https://www.pinarsu.com.tr/pinar-su-siparis-uygulamasi#kalite">https://www.pinarsu.com.tr/pinar-su-siparis-uygulamasi#kalite</a>
C2.3	It conducts continuous and transparent communication with stakeholders; it explains the purpose, subject, and frequency of communication with the stakeholders and progress made in sustainability-related activities.			✓	In Pınar Et, a member of the Yaşar Group, stakeholders are classified, and communication frequency and dialogue platforms are determined to manage the stakeholder dialogue process proactively. The Company created a matrix including the contact persons, communication issues, and communication frequency with stakeholders but has not disclosed these to the public.	Yaşar Holding 2020 Sustainability Report, Pages: 52 -53 <a href="https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf">https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf</a> Pınar Su ve İçecek Information Policy: <a href="https://yatirim.pinarsu.com.tr/yatirim.aspx?id=dVLBSUNIR3FpNVJpK0lVM-3Mr-b3g2UmdvbJN0Wo4cFU2ek9TVW-dUR-WNsZz0%3d&amp;dil=QkFpL2NvY3FlODkwZ-Vp-kU250Yjh4dz09">https://yatirim.pinarsu.com.tr/yatirim.aspx?id=dVLBSUNIR3FpNVJpK0lVM-3Mr-b3g2UmdvbJN0Wo4cFU2ek9TVW-dUR-WNsZz0%3d&amp;dil=QkFpL2NvY3FlODkwZ-Vp-kU250Yjh4dz09</a>
C2.4	It discloses the international reporting standards it has adopted (Carbon Disclosure Project (CDP), the Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), and The Task Force on Climate-Related Financial Disclosures (TCFD), etc.) to the public.	✓			The Yaşar Sustainability Report, which also includes information on Pınar Su ve İçecek, is prepared according to the basic level criteria of GRI.	Yaşar Holding 2020 Sustainability Report, Pages: 252-260 <a href="https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf">https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf</a>

# SUSTAINABILITY COMPLIANCE REPORTING

		COMPLIANCE STATUS			EXPLANATION	RELEVANT REPORTS AND PAGES
	PRINCIPLES	YES	NO	PARTIALY		
C2.5	As a signatory or member, it discloses the international organizations or principles (Equator Principles, United Nations Environment Programme - Finance Initiative (UNEP-FI), United Nations Global Compact (UNGC) Principles, United Nations Principles for Responsible Investment (UNPRI), etc.), and the international principles it has adopted (International Capital Market Association(ICMA) Green/Sustainable Bond Principles) to the public.			✓	The Yaşar Group, of which Pınar Su ve İçecek is a member, became a signatory of the United Nations (UN) Global Compact (GC) on 12 November 2007. The Group declared its commitment to working per global objectives to ensure women's participation in business life, the improvement of women's working conditions, and the empowerment of women in business life by signing the UN CEO Statement of Support for the Women's Empowerment Principles in 2012.	Yaşar Holding 2020 Sustainability Report, Pages: 4-5 / 8-9 <a href="https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf">https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf</a>
C2.6	It makes concrete efforts towards inclusion in the Borsa Istanbul Sustainability Index and international sustainability indexes (Dow Jones Sustainability Index, FTSE4Good, MSCI ESG Indexes, etc.)		✓		Currently, there is no plan for participation in the Sustainability Index.	
	D. Corporate Governance Principles					
D.1	It makes the maximum effort to comply with all Corporate Governance principles and mandatory Corporate Governance principles per the Capital Markets Board Communiqué on Corporate Governance, numbered II-17.1.	✓				Pınar Su ve İçecek 2021 Annual Report, Statement of Compliance with Corporate Governance Principles, Page: 48
D.2	Takes the sustainability issue, the environmental impacts of its activities, and the relevant principles into account in determining its corporate governance strategy.	✓				Pınar Su ve İçecek 2021 Annual Report, Statement of Compliance with Corporate Governance Principles, Page: 48
D.3	As stated in the Corporate Governance Principles, it takes the necessary measures to comply with the principles regarding stakeholders and strengthen communication with them. The Company also canvasses stakeholder views in determining sustainability-related measures and strategies.	✓				Pınar Su ve İçecek Investor Relations: <a href="https://yatirim.pinarsu.com.tr/yatirim.aspx?dil=QkFpL2NvY3FfODkwZVpkU250Yjh4dz09">https://yatirim.pinarsu.com.tr/yatirim.aspx?dil=QkFpL2NvY3FfODkwZVpkU250Yjh4dz09</a>  Pınar Su ve İçecek İnternet Sitesi: <a href="https://www.pinarsu.com.tr/">https://www.pinarsu.com.tr/</a>  Pınar Su ve İçecek 2021 Annual Report, Customers and Consumers of Pınar Su ve İçecek, Pages: 22-24
D.4	Works on raising sustainability awareness and its importance through social responsibility projects, awareness activities, and training programs.	✓				Pınar Su ve İçecek 2021 Annual Report, Corporate Social Responsibility, Pages: 34-35
D.5	Strives to become a participant of international standards and initiatives on sustainability and to contribute to activities.			✓	The Yaşar Group, the parent company of Pınar Su, which prepares sustainability reports per the "Basic" option of the Global Reporting Initiative (GRI) Standards, signed the United Nations Global Compact (UNGC) on 12 November 2007. Compliance of the Group's Sustainability Report with the UNGC principles is shown in the UNGC Principles Index Table.	Yaşar Holding 2020 Sustainability Report, Pages: 54-57 <a href="https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf">https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf</a>
D.6	Discloses the policies and programs regarding the fight against bribery and corruption and the principle of tax integrity.	✓				Pınar Su ve İçecek Investor Relations Website, Yaşar Group Business Ethics Rules <a href="https://yatirim.pinarsu.com.tr/UserFiles/YasarToplulugulsEtigiKurallari-2021.pdf">https://yatirim.pinarsu.com.tr/UserFiles/YasarToplulugulsEtigiKurallari-2021.pdf</a>

# STATEMENT OF RESPONSIBILITY

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

The statement of financial position prepared by our Company passed an independent audit, approved by the Board of Directors' decision of Pınar Su ve İçecek Sanayi ve Ticaret A.Ş., dated 01.03.2022 and numbered 2022/7, for the fiscal period of 01.01.2021 - 31.12.2021. And per the "Capital financial Reporting Communiqué on Principles in Capital markets" (Communiqué) of Capital Markets Board (CMB) No. II-14.1, according to Turkish Accounting Standards/Turkish Financial Reporting Standards (TMS/ TFRS) and the financial status along with explanatory notes prepared per the CMB-specified format, we declare regarding the comprehensive income statement, cash flow statement and equity change table and board of directors activity report

1. That they were examined by our Company,
2. Within the framework of the information that we have in our field of duty and responsibility of our Company, they contain no false statements on essential 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 per the Communiqué honestly reflect the truth about the assets, liabilities, financial situation and profit and loss of the enterprise, and that our annual report honestly reflects the development and performance of the business and the financial situation of the enterprise, together with the significant risks and uncertainties faced.

We have reviewed the Corporate Governance Compliance Report ("URF") and the Corporate Governance Information Form ("KYBF") prepared for the fiscal period of 01.01.2021 - 31.12.2021 within the framework of the CMB decision dated 10.01.2019 and no. 2/49. We confirm that the said reports were prepared per the procedures and principles determined in the resolution referred to in the CMB's Corporate Governance Communiqué no. II-17.1 per CMB regulations.

Respectfully yours,  
PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

Sezai BEKGÖZ  
Head of the Audit Committee

Yeşim Gura  
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 2021 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 (including Independence Standards) (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 1 March 2022 on the full set financial statements for the 1 January - 31 December 2021 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;
- 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[consolidated] financial statements and with the information obtained in the course of audit.

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

ORIGINAL COPY ISSUED AND SIGNED IN TURKISH

Serdar İnanç, SMMM  
Partner

Istanbul, 1 March 2022

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

## **FINANCIAL STATEMENTS**

**AT 1 JANUARY - 31 DECEMBER 2021**

**TOGETHER WITH INDEPENDENT AUDITOR'S REPORT**

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



**CONVENIENCE TRANSLATION INTO ENGLISH OF  
INDEPENDENT AUDITOR'S REPORT  
ORIGINALLY ISSUED IN TURKISH**

**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 2021, 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 2021, 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 (including Independence Standards) (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.



## Key Audit Matters

## How the key audit matter was addressed in the audit

### Recoverability of trade receivables from third parties

As stated in footnote 7 of the accompanying financial statements, short term trade receivables amounting to TRY36 million from non-related parties as of 31 December 2021 are material to the financial statements.

The Company management consider 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, those estimates are very sensitive to market conditions.

Because of these reasons, the recoverability of trade receivables was determined to be a key audit matter

The following audit procedures were addressed in our audit work on the recoverability of trade receivables:

- The Company's credit risk management policy, including credit limit and collection management, were understood and assessed.
- Trade receivables from non-related parties were tested on a sample basis by sending confirmation letters.
- The agings of trade receivable balances from non-related parties were analysed.
- The subsequent collections were tested on a sample basis.
- The guarantee letters received from customers were tested on a sample basis.
- 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.
- 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.
- The compliance of the disclosures regarding recoverability of trade receivables from non-related parties in the financial statements with the relevant accounting standards was evaluated.



## Key Audit Matters

## How the key audit matter was addressed in the audit

### Fair value determination of land, buildings, land improvements and machinery and equipment

As stated in footnote 2 of the accompanying financial statements, in accordance with the relevant provisions of TAS 16 "Tangible Fixed Assets" standard in its financial statements, the Company includes land, buildings, land improvements and machinery and equipment are carried at their fair values.

As explained in footnote 11 of the accompanying financial statements, as a result of the valuations made by the independent professional valuation firm appointed by the Company management as of 31 December 2021, the total value increase in the carrying values of land, buildings, land improvements and machinery and equipment is TL189,9 million before taxation and as of 31 December 2021, the total carrying value of these assets is TL 462,5 million.

The aforementioned increase has been accounted for in the tangible fixed asset revaluation increases account under shareholders' equity in the accompanying statement of financial position, deducting the deferred tax effect.

As of 31 December 2021, since the total value of land, buildings, land improvements and machinery and equipment has a significant share in the Company's assets and the valuation techniques applied include important estimations and assumptions such as market prices, construction costs per m<sup>2</sup>, condition and location of the relevant asset, the fair value determination of the assets has been considered by us as a key audit matter.

The following audit procedures were addressed in our audit work for the fair value measurement of land, buildings and land improvements, machinery and equipment:

- The competency, capability and objectivity of the independent professional valuers that who were appointed by the Company management were assessed in accordance with relevant audit standards.
- The consistency of the data used by the independent professional valuation agency appointed by the Company management was checked with the Company's records by a sample matching study.
- In order to evaluate the assumptions and methods used by the Company management and the independent professional valuation firm appointed by the Company management, an external expert was included in our audit team to examine the valuation reports selected by sampling in accordance with the provisions of the "ISA 620 Issuance of Expertise Studies" and reviewed by our specialist.
- The compliance of the disclosures of fair value determination of land, buildings, land improvements and machinery and equipment in the financial statements in accordance with the relevant financial reporting standards were evaluated.



#### **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 actions taken to eliminate threats or safeguards applied.

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



**B. Other 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 2021 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 1 March 2022.

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

ORIGINAL COPY ISSUED AND SIGNED IN TURKISH

Serdar İnanç, SMMM  
Partner

Istanbul, 1 March 2022

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## 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 2021 AND 2020

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

	Notes	31 December 2021	31 December 2020
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	5	24,572,103	6,166,993
Trade Receivables		45,489,103	31,580,330
- Due From Related Parties	6	9,446,760	7,900,482
- Other Trade Receivables	7	36,042,343	23,679,848
Other Receivables		5,667,570	1,885,511
- Due From Related Parties	8	5,667,570	1,885,511
Inventories	9	34,015,370	19,845,290
Prepaid Expenses		931,351	1,890,883
Prepaid Expenses From Third Parties	10	931,351	1,890,883
Other Current Assets		24,594,529	18,429,091
Other Current Assets From Third Parties	18	24,594,529	18,429,091
<b>SUB TOTAL</b>		<b>135,270,026</b>	<b>79,798,098</b>
Non-current assets held for sale	11-a	-	5,933,551
<b>TOTAL CURRENT ASSETS</b>		<b>135,270,026</b>	<b>85,731,649</b>
<b>Non-Current Assets</b>			
Financial Assets	27	18,602,836	14,867,852
Other Receivables		1,800	1,800
- Due From Non-Related Parties			
Other Receivables		1,800	1,800
Property, Plant and Equipment	11-a	485,218,763	289,645,289
- Lands		30,249,000	18,795,000
- Land Improvements		21,868,000	11,465,000
- Buildings		101,768,000	63,100,017
- Machinery and Equipments		308,687,558	179,048,106
- Furniture and Fixtures		22,295,316	16,803,033
- Construction in Progress		350,889	434,133
Intangible Assets		4,512,493	4,578,720
- Computer Programmes	12	4,512,493	4,578,720
Prepaid Expenses		-	171,135
- Prepaid Expenses			
From Third Parties		-	171,135
Right of Use Assets	11-b	23,324,294	30,283,534
<b>TOTAL NON-CURRENT ASSETS</b>		<b>531,660,186</b>	<b>339,548,330</b>
<b>TOTAL ASSETS</b>		<b>666,930,212</b>	<b>425,279,979</b>

The financial statements at 1 January - 31 December 2021 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 1 March 2022. 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 2021 AND 2020

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

	Notes	31 December 2021	31 December 2020
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Short-Term Borrowings		160,677,616	125,797,515
- Short-Term Borrowings to Non-Related Parties		160,677,616	125,797,515
- Bank Loans	14	160,677,616	125,797,515
Short-Term Portion of Long-Term Borrowings		37,160,433	50,925,976
- Long-Term Borrowings to Non-Related Parties			
Short-Term Portion Borrowings		37,160,433	50,925,976
- Bank Loans	14	29,576,933	43,173,454
- Lease Liabilities	14	7,583,500	7,752,522
Trade Payables		101,923,079	53,690,420
- Due to Related Parties	6	3,033,180	2,085,802
- Other Payables to Non-Related Parties	7	98,889,899	51,604,618
Payables Related to Employee Benefits	16	1,649,857	1,322,064
Other Payables		20,329,347	21,771,639
- Due to Related Parties	6	436,921	5,644,455
- Other Payables to Non-Related Parties	8	19,892,426	16,127,184
Deferred Income		618,188	2,728,757
- Deferred Income from Third Parties	10	618,188	2,728,757
Short-Term Provisions		2,984,116	1,063,786
- Short-Term Provisions for Employee Benefits	16	325,943	362,255
- Other Short-Term Provisions	15	2,658,173	701,531
<b>TOTAL CURRENT LIABILITIES</b>		<b>325,342,636</b>	<b>257,300,157</b>
<b>Non-Current Liabilities</b>			
Long-Term Borrowings		50,757,909	55,504,043
- Long-Term Borrowings to Non-Related Parties		50,757,909	55,504,043
- Bank Loans	14	33,164,199	31,743,518
- Lease Liabilities	14	17,593,710	23,760,525
Long-Term Provisions		4,914,748	3,861,670
- Long-Term Provisions for Employee Termination Benefits	16	4,914,748	3,861,670
Deferred Tax Liabilities	25	58,916,339	24,778,549
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>114,588,996</b>	<b>84,144,262</b>
<b>TOTAL LIABILITIES</b>		<b>439,931,632</b>	<b>341,444,419</b>
<b>EQUITY</b>			
<b>Equity Attributable to Owners of Parent</b>		<b>226,998,580</b>	<b>83,835,560</b>
Share Capital	19	94,762,708	44,762,708
Adjustment to Share Capital	19	11,713,515	11,713,515
Share Premiums		242,785	88,239
- Other accumulated comprehensive income/(loss) that will not be reclassified to profit or loss		296,331,136	147,425,205
- Gains on revaluation and remeasurement		281,278,798	136,595,126
- Revaluation of property, plant and equipment	11	286,389,964	141,204,973
- Actuarial loss arising from defined benefit plans			
Gains/(Loss) on Remeasuring and/or Reclassification		(5,111,166)	(4,609,847)
- Revaluation or classification earnings of assets at fair value through other comprehensive income	27	15,052,338	10,830,079
Restricted Reserves	19	4,180,008	4,180,008
- Legal Reserves		4,180,008	4,180,008
Accumulated Losses		(116,448,682)	(84,476,808)
Loss for the Year		(63,782,890)	(39,857,307)
<b>TOTAL EQUITY</b>		<b>226,998,580</b>	<b>83,835,560</b>
<b>TOTAL LIABILITIES</b>		<b>666,930,212</b>	<b>425,279,979</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 2021 AND 2020

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

	Notes	1 January - 31 December 2021	1 January - 31 December 2020
<b>PROFIT (LOSS)</b>			
Revenue	20	323,176,965	219,816,626
Cost of Sales	20	(199,484,201)	(115,113,506)
<b>GROSS PROFIT</b>		<b>123,692,764</b>	<b>104,703,120</b>
General Administrative Expenses	21	(26,507,158)	(23,721,846)
Marketing Expenses	21	(101,859,408)	(73,866,435)
Research and Development Expenses		(655,579)	(639,860)
Other Operating Income	22	13,157,482	6,240,832
Other Operating Expenses	22	(10,011,235)	(11,910,785)
<b>OPERATING PROFIT/(LOSS)</b>		<b>(2,183,134)</b>	<b>805,026</b>
Income from Investment Activities	23	1,286,946	572,225
Expense from Investment Activities	23	(1,309,868)	(93,936)
<b>OPERATING PROFIT/(LOSS) BEFORE FINANCIAL EXPENSE</b>		<b>(2,206,056)</b>	<b>1,283,315</b>
Financial Income	24	1,361,844	724,514
Financial Expenses	24	(65,072,265)	(42,519,969)
<b>LOSS BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>(65,916,477)</b>	<b>(40,512,140)</b>
Tax Income of Continuing Operations		2,133,587	654,833
- Deferred Tax Income	25	2,133,587	654,833
<b>LOSS FROM CONTINUING OPERATIONS</b>		<b>(63,782,890)</b>	<b>(39,857,307)</b>
<b>LOSS FOR THE PERIOD</b>		<b>(63,782,890)</b>	<b>(39,857,307)</b>
Loss per Share			
Loss Per 1 KR Number of 100 Shares			
From Continuing Operations	26	(1,1139)	(0,8904)
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Other comprehensive income/expense not to be reclassified to profit or loss</b>		<b>193,062,741</b>	<b>89,415,790</b>
Losses on remeasurements of defined benefit plans		(626,649)	(2,048,013)
Gains on revaluation of property, plant and equipment		189,954,405	83,533,007
Gains from financial assets at fair value through other comprehensive income	27	3,734,985	7,930,796
Taxes for Other Comprehensive Expense not to be Reclassified to Profit or Loss		<b>(36,271,377)</b>	<b>(17,413,590)</b>
Gains on revaluation of property, plant and equipment, tax effect	25	125,330	409,602
Taxes for Other Comprehensive Income/Expense to be Reclassified to Profit or Loss	25	487,274	(1,310,591)
Losses on revaluation of property, plant and equipment, tax effect	25	(36,883,981)	(16,512,601)
<b>OTHER COMPREHENSIVE INCOME</b>		<b>156,791,364</b>	<b>72,002,200</b>
<b>TOTAL COMPREHENSIVE INCOME/EXPENSE</b>		<b>93,008,474</b>	<b>32,144,893</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 2021 AND 2020

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

	Other comprehensive income/(expense) not to be reclassified to profit or loss								Restricted Reserves	Accumulated Lossess	Loss for the Period	Total Equity
	Share Capital	Adjustment to share capital	Share Issue Premiums (Discounts)	Gains (Losses)on Revaluation of Property Plant and Equipments	Remeasurements of Defined Benefit Plans	Losses on Remeasurements of Defined Benefit Plans	Financial Assets at Fair Value Through Other Comprehensive Income	Gains from				
Prior year												
1 January - 31 December 2020												
Balances at beginning	44,762,708	11,713,515	88,239	77,728,001	(2,971,437)	4,209,875	4,180,008	(55,268,397)	(32,751,845)	51,690,667		
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		
Balances at closing	44,762,708	11,713,515	88,239	141,204,973	(4,609,847)	10,830,079	4,180,008	(84,476,808)	(39,857,307)	83,835,560		
Current year												
1 January - 31 December 2021												
Balances at beginning	44,762,708	11,713,515	88,239	141,204,973	(4,609,847)	10,830,079	4,180,008	(84,476,808)	(39,857,307)	83,835,560		
Transfers	-	-	-	(7,885,433)	-	-	-	(31,971,874)	39,857,307	-		
Capital increase	50,000,000	-	-	-	-	-	-	-	-	50,000,000		
Increase Due to Share Based Transactions	-	-	154,546	-	-	-	-	-	-	154,546		
Total comprehensive income	-	-	-	153,070,424	(501,319)	4,222,259	-	-	(63,782,890)	93,008,474		
- Loss for the year	-	-	-	-	-	-	-	-	(63,782,890)	(63,782,890)		
- Other comprehensive income	-	-	-	153,070,424	(501,319)	4,222,259	-	-	-	156,791,364		
Balances at closing	94,762,708	11,713,515	242,785	286,389,964	(5,111,166)	15,052,338	4,180,008	(116,448,682)	(63,782,890)	226,998,580		

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 2021 AND 2020

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

	Notes	1 January - 31 December 2021	1 January - 31 December 2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>37,436,454</b>	<b>33,674,350</b>
Loss for the year		(63,782,890)	(39,857,307)
- Loss from Continuing Operations		(63,782,890)	(39,857,307)
<b>Adjustments Related to Reconciliation</b>		<b>88,590,217</b>	<b>62,898,241</b>
Adjustments for depreciation and amortisation expense	11.12	31,338,975	27,121,180
Adjustments for impairment loss		857,778	483,629
- Adjustments for impairment loss of receivables	7	857,778	483,629
Adjustments for provisions		3,643,522	766,644
- Adjustments for provisions related with employee benefits		1,686,880	871,429
- Adjustments for (Reversal of) other provisions	15	1,956,642	(104,785)
Adjustment for dividend income		(461,241)	(391,590)
Adjustments for interest expense and interest gain		40,319,230	36,538,480
- Adjustments for interest income		(1,228,459)	(676,249)
- Adjustments for interest expense		41,547,689	37,214,729
Adjustments for unrealized foreign currency translation differences		14,541,377	(878,570)
Adjustments for tax income	25	(2,133,587)	(654,833)
Adjustments for losses arised			
from sale of fixed assets	23	484,163	(86,699)
- Adjustments for losses arised			
from sale of tangible assets		484,163	(86,699)
<b>Changes in working capital</b>		<b>13,889,577</b>	<b>12,834,839</b>
Adjustments related to increase in trade receivables		(13,630,708)	1,486,165
- Increase in trade receivables from related parties		(410,436)	1,255,158
- Increase in trade receivables from non-related parties		(13,220,272)	231,007
Adjustments for increase in other receivables with operations		(9,947,514)	1,699,395
- Increase in other non-related party receivables related with operations		(9,947,514)	1,699,395
Adjustments for (increase)/decrease in inventories		(14,170,080)	(2,287,912)
Adjustments for increase/(decrease) in trade payable		48,561,062	4,575,980
- Increase in trade payables to related parties		947,378	(516,528)
- Increase/(decrease) in trade payables to non-related parties		47,613,684	5,092,508
Increase in prepaid expenses		1,130,667	249,502
Increase in payables related to employee benefits		327,793	426,202
Adjustments for increase in other operating payables		3,765,242	4,342,061
- Increase in other operating payables to non-related parties		3,765,242	4,342,061
(Decrease)/increase in deferred income		(2,110,569)	2,335,248
Adjustments for other (decrease)/increase in working capital		(36,316)	8,198
- Increase in other payables related with operations		(36,316)	8,198
<b>Cash Flows from Operating Activities</b>		<b>38,696,904</b>	<b>35,875,773</b>
Payments related with provisions for employee benefits		(1,260,450)	(2,201,423)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(19,991,572)</b>	<b>(5,022,994)</b>
Cash inflows from sales of fixed assets		1,582,051	1,173,802
- Cash inflows from sales of tangible assets		1,582,051	1,173,802
Cash outflows due to purchase of fixed assets		(23,263,323)	(7,871,778)
- Cash outflows due to purchase of tangible assets	11	(22,795,123)	(7,214,438)
- Cash outflows due to purchase of intangible assets	12	(468,200)	(657,340)
Interest received	22.24	1,228,459	676,249
Cash Outflows Arising from Purchase of Shares or Capital			
Increase of Associates and/or Joint Ventures	27	-	607,143
Dividend received	23	461,241	391,590
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>960,228</b>	<b>(25,782,803)</b>
Cash inflows from financial borrowings		206,662,412	185,107,043
- Cash inflows from loans		206,662,412	185,107,043
Cash outflows from financial liabilities		(200,276,733)	(158,155,245)
- Paybacks of borrowings	(200,276,733)	(158,155,245)	
Capital increase		50,154,546	-
Increase in non-trade payables due to related parties		(5,207,534)	(4,940,590)
Cash outflows from lease liabilities		(14,489,972)	(15,164,523)
Interest paid		(35,882,491)	(32,629,488)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES</b>		<b>18,405,110</b>	<b>2,868,553</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>18,405,110</b>	<b>2,868,553</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>5</b>	<b>6,166,993</b>	<b>3,298,440</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>5</b>	<b>24,572,103</b>	<b>6,166,993</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 2021

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

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

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

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

Shares of the Company have been traded on the Borsa İstanbul ('BİST'). The ultimate shareholder of the Company is Yaşar Holding A.Ş. ("Yaşar Holding") with 58.00% of shares of the Company (2020: 58.00%) (Note 19).

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

Kemalpaşa Mah. Kemalpaşa Caddesi No: 262 Bornova/İzmir

The average number of personnel employed during the period at the Company is 385 (31 December 2020: 375).

#### 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 2021

(Amounts expressed in Turkish lira ("TRY") 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 2021:

- Amendments to TFRS 7, TFRS 4 ve TFRS 16 - The benchmark interest rate reform Phase 2; effective from Annual periods beginning on or after 1 January 2021. These Phase 2 amendments address issues arising from the implementation of reforms, including replacing a benchmark interest rate with an alternative. Phase 2 changes provide temporary additional ease in applying certain TAS 39 and TFRS 9 hedge accounting requirements to hedging relationships directly affected by the IBOR reform.

###### b) New standards, amendments and interpretations issued and effective as of 31 December 2021 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 2021:

Amendments to TFRS 16 "Leases - Changes to the extension of COVID 19 Lease Concessions' facilitating practice; As of March 2021, this change has been extended until June 2022 and is effective from April 1, 2021. 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.

- Amendment to TAS 1, "Presentation of financial statements" regarding the classification of liabilities; the effective date has been postponed to the annual reporting periods beginning on or after 1 January 2024. 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.
- 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.

## 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 2021

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

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

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

##### c) Standards, amendments and interpretations that are issued but not effective as at 31 December 2021: (Continued)

- 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.

- Narrow changes in TMS 1, Application Statement 2 and TAS 8, effective from Annual periods beginning on or after 1 January 2023. These changes are intended to improve accounting policy disclosures and help financial statement users distinguish between changes in accounting estimates and changes in accounting policies.

TAS 12, Amendment to deferred tax on assets and liabilities arising from a single transaction, effective from Annual periods beginning on or after 1 January 2023. These amendments require deferred tax recognition on transactions that cause equal amounts of taxable and deductible temporary differences when first recognized by companies.

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 2021 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 2021 on a comparative basis with balance sheet at 31 December 2020; and statements of comprehensive income, cash flows and changes in equity for the period of 1 January - 31 December 2021 on a comparative basis with financial statements for the period of 1 January - 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 2021

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

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

##### 2.5 Summary of significant accounting policies

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

##### 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 2021

(Amounts expressed in Turkish lira ("TRY") 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 2021

(Amounts expressed in Turkish lira ("TRY) 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 2021

(Amounts expressed in Turkish lira ("TRY") 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:

- 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,
- The Company can identify each party's rights regarding the goods or services to be transferred.
- The Company can identify the payment terms for the goods or services to be transferred.
- The contract has commercial substance,
- It is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, the Company shall consider only the customer's ability and intention to pay that amount of consideration when it is due.

##### *Revenue from product sales*

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

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

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

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

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 2021

(Amounts expressed in Turkish lira ("TRY) 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 loss.

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. (Note 27)

## 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 2021

(Amounts expressed in Turkish lira ("TRY") 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 2021 (Note 11). Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the relevant asset and the net amount is restated to the revalued amount of the asset. 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 2021

(Amounts expressed in Turkish lira ("TRY) 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;

	<u>Years</u>
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. Intangible assets

Intangible assets have finite useful lives and mainly comprise acquired rights. Intangible assets acquired before 1 January 2005 are carried at cost in the equivalent purchasing power of TRY as at after 1 January 2005 are carried at cost, less accumulated amortisation and impairment losses, if any. They are recorded at acquisition cost and amortised on a straight-line basis over their estimated useful lives for a period of six years from the date of acquisition (Note 12). Costs associated with maintaining computer software programs are recognized as an expense when incurred.

Gain or losses on disposals or on impairments of intangible assets with respect to their amounts are included in the related income and expense accounts. Residual values of intangible assets are deemed as negligible. Intangible assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For the purpose of assessing impairment, intangible assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of fair value less cost to sell or value in use).

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

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

##### 2.5.7 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.

##### 2.5.8 Foreign currency translations and balances

Transactions in foreign currencies during the year have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into 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.

##### 2.5.9 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.

##### 2.5.10 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.

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

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

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

##### 2.5.11 Provisions, contingent assets and contingent liabilities

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

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

##### 2.5.12 Related parties

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

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

The person concerned,

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

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

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

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

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

###### 2.5.13 Employee and termination benefits

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

###### 2.5.14 Statement of cash flow

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

###### 2.5.15 Share capital and dividends

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

###### 2.5.16 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.

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

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

###### 2.5.17 Going concern

The company has prepared its financial statements according to the continuity principle of the business. In addition, the Company management has made a detailed assessment regarding the continuity of the Company, as explained below, and has taken some measures regarding the issue.

As of 31 December 2021, the Company's short-term liabilities exceeded its total current assets by TRY 190.1 million, the net loss for the year ended on the same date was TRY 63.8 million, and the accumulated losses were 116.4 million as of the same date. reached the amount of TRY. The Company's shareholders' equity reported on the 31 December 2021 balance sheet is TRY 227 million, and cash flows from operating activities reported as of the same date are TRY 37.4 million.

The COVID-19 epidemic, which affected the whole world, adversely affected the out-of-home consumption channels, which constitute a significant part of the consumption in the beverage industry, and these effects continued in 2021 as well. 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. The necessary actions have been taken by the Company management to minimize the possible effects. Pinar Water and Beverage, which continues its activities uninterrupted by considering the health of its employees, Despite the negative effects of the pandemic, there was no disruption in the supply, production and logistics processes of the Company.

While preparing its financial statements dated 31 December 2021, Pinar 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 in its financial statements dated 31 December 2021 and no impairment was detected.

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

- The main objective is to review all operational processes, primarily sales, in line with the objectives of ensuring the sustainable profitability and growth of the company.
- In order to improve the cost and expense structure that directly affects the profitability of the company; While it is aimed to increase the sales scale, it is aimed to manage the variable cost elements by optimizing with the actions to be taken.
- It continues its intensive work on shortening the collection period and managing stock levels at a minimum level for the effective management of working capital.

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.

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

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

###### 2.5.17 Going concern (Continued)

The Board of Directors of the Company took a decision on February 3, 2021 to increase the registered capital ceiling from TRY 50,000,000 to TRY 220,000,000, and the approval of the CMB was obtained within the scope of the necessary articles of association amendment process and was approved at the Ordinary General Assembly held on March 25, 2021. At the company's board of directors meeting held on April 29, 2021; Within the scope of Article 6 of the Company's Articles of Association, titled Registered Capital, the issued capital of 44,762,708.45 Turkish Liras within the registered capital ceiling of 220,000,000 Turkish Liras is increased by 111.70% to 94,762,708.45 Turkish Liras by 111.70%, fully paid in cash. Issuance of shares representing TRY as bearer; It was decided not to make any restrictions on the shareholders' right to buy new shares, and to use their right to purchase new shares at nominal value, the relevant prospectus was prepared and an application was made to the Capital Markets Board as of May 31, 2021 for its approval. The relevant application was approved by the CMB on September 30, 2021 and registered on December 1, 2021.

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

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

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

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

In this context, as a result of the evaluations made by the Company management, land and land improvements and buildings and investment properties as of 31 December 2021, 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.

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

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

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

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.

##### 2.7 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.

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

##### 2.8 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 2021	31 December 2020
Cash in hand	40,322	37,429
Banks	16,877,020	1,626,957
- Demand deposits	13,147,020	781,957
- Turkish Lira	5,489,828	781,957
- Foreign Currency	7,657,192	-
- Time deposits	3,730,000	845,000
- Turkish Lira	3,730,000	845,000
Other	7,654,761	4,502,607
	<b>24,572,103</b>	<b>6,166,993</b>

As of 31 December 2021 the company has time deposit less than one week with an 26.00% weighted interest rate in TRY. (2020: 17.54%) Other cash and cash equivalents includes the credit cards slips with an average term of 30 days (2020: 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.

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#### 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 2021 and 2020 are as follow:

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

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

	31 December 2021	31 December 2020
YDT (1)	8,741,896	7,317,194
DYO Boya Fabrikaları Sanayi ve Ticaret A.Ş. ("DYO Boya") (1)	294,402	92,717
Çamlı Yem Besicilik Sanayi ve Ticaret A.Ş. ("Çamlı Yem") (1)	42,140	62,275
Other	368,322	428,296
	<b>9,446,760</b>	<b>7,900,482</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 2021, due from related parties amounting to TRY296,284 (2020: TRY415,528) were overdue for a period of 2 months (2020: 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 2021	31 December 2020
Yaşar Holding (2)	1,216,950	959,332
Desa Elektrik ve Tedarik Toptan Satış ve Tic. A.Ş. ("Desa Elektrik") (1)	1,097,849	438,163
Yaşar Bilgi İşlem ve Ticaret A.Ş. ("Yaşar Bilgi İşlem") (1)	562,732	462,150
Pınar Foods GmbH ("Pınar Foods") (1)	-	225,198
Other	155,649	959
	<b>3,033,180</b>	<b>2,085,802</b>

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

(2) Main Partner

As of 31 December 2021 short-term trade payables to related parties mature mainly within a month (2020: 1 month).

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

##### c) Other payables to related parties:

	31 December 2021	31 December 2020
Yaşar Holding (2)	190,746	5,563,523
Other (1)	246,175	80,932
	<b>436,921</b>	<b>5,644,455</b>

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

(2) Main Partner

As of 31 December 2021, the Company has non-commercial debts to Yaşar Holding and the annual effective interest rate applied to these debts is 19.75 percent weighted interest rate annually (31 December, 2020: 20.25).

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

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

	1 January - 31 December 2021	1 January - 31 December 2020
YDT(1)	31,866,312	33,607,632
Other	3,921,756	2,778,899
	<b>35,788,068</b>	<b>36,386,531</b>

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

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

##### b) Service sales to related parties:

YDT(1)	867,852	407,989
Desa Enerji Elektrik Üretim A.Ş. ("Desa Enerji") (1)	505,435	412,757
Other	304,580	200,406
	<b>1,677,867</b>	<b>1,021,152</b>

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

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

##### c) Service purchases from related parties:

	1 January - 31 December 2021	1 January - 31 December 2020
Desa Elektrik (1)	9,425,850	5,594,393
Yaşar Holding (2)	4,727,064	4,105,094
Yaşar Bilgi İşlem (1)	4,182,549	3,760,325
YDT (1)	2,190,918	1,904,137
Other	1,542,058	1,324,225
	<b>22,068,439</b>	<b>16,688,174</b>

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

(2) Main Partner

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

##### d) Finance expenses from related parties:

Yaşar Holding (2)	1,839,088	1,945,156
Yaşar Bilgi İşlem (1)	208,623	-
YBP (1)	-	296,170
Other	4,149	149,738
	<b>2,051,860</b>	<b>2,391,064</b>

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

(2) Main Partner

##### e) Other income from operations from related parties:

YDT(1)	3,576,034	3,263,949
Other	298,706	170,761
	<b>3,874,740</b>	<b>3,434,710</b>

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

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

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

	1 January - 31 December 2021	1 January - 31 December 2020
<b>f) Other expense from operations from related parties:</b>		
YDT(1)	573,124	496,702
Yaşar Holding(2)	224,908	166,406
YBP(1)	104,356	135,490
Other	121,647	201,539
	<b>1,024,035</b>	<b>1,000,137</b>

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

(2) Main Partner

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)	542,578	591,741
	<b>542,578</b>	<b>591,741</b>

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

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

#### h) Dividend income:

Desa Enerji(1) (Note 23)	461,241	391,590
	<b>461,241</b>	<b>391,590</b>

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

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

##### i) Bails received:

As of 31 December 2021, the Company has guarantees received from related parties amounting to TRY 50,437,011 (December 31, 2020: TRY 63,852,820 and EUR 403,100 equivalent to a total of TRY 67,483,904).

##### 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:

	1 January - 31 December 2021	1 January - 31 December 2020
Short-term employee benefits	1,912,471	2,311,369
Other long-term benefits	2,617	1,916
	<b>1,915,088</b>	<b>2,313,285</b>

#### NOTE 7 - TRADE RECEIVABLES AND PAYABLES

	31 December 2021	31 December 2020
<b>a) Short-term trade receivables from non-related parties:</b>		
Customer current accounts	33,426,171	24,850,174
Cheques and notes receivables	7,481,238	2,836,962
	<b>40,907,409</b>	<b>27,687,136</b>
Less: Provision for doubtful receivables	(4,865,066)	(4,007,288)
	<b>36,042,343</b>	<b>23,679,848</b>

The aging of trade receivables as of 31 December 2021 and 2020 are as follow:

Overdue	4,172,129	3,268,091
0 - 30 days	12,435,549	9,486,591
31 - 60 days	11,488,152	8,869,622
61 - 90 days	6,230,630	1,755,220
91 days and over	1,715,883	300,324
	<b>36,042,343</b>	<b>23,679,848</b>

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

The aging of overdue receivables from non-related parties as of 31 December 2021 and 2020 are as follow:

	31 December 2021	31 December 2020
0 - 90 days	2,402,683	3,091,709
91 days and over	1,769,446	176,382
	<b>4,172,129</b>	<b>3,268,091</b>

As of 31 December 2021, trade receivables of TRY6,827,501 (2020: TRY3,268,091) were past due and the Company holds collateral amounting to TRY1,296,162 (2020: TRY1,245,702).

The aging of provision for doubtful receivables as of 31 December 2021 and 2020 are as follow:

	2021	2020
<b>1 January</b>	<b>(4,007,288)</b>	<b>(3,523,659)</b>
Charged to the statement of comprehensive income (Note 22.b)	(908,116)	(522,232)
Collections (Note 22.a)	50,338	38,603
<b>31 December</b>	<b>(4,865,066)</b>	<b>(4,007,288)</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.

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

	31 December 2021	31 December 2020
Supplier current accounts	98,889,899	51,604,618
	<b>98,889,899</b>	<b>51,604,618</b>

As of 31 December 2021, the average terms of trade payables to unrelated parties are within 2 months (2020: 2 months).

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#### NOTE 8 - OTHER RECEIVABLES AND PAYABLES

##### a) Other short - term receivables

	31 December 2021	31 December 2020
Value added tax ("VAT") receivables	4,686,899	858,526
Deposits and guarantees given	924,488	944,138
Other	56,183	82,847
	<b>5,667,570</b>	<b>1,885,511</b>

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

Deposits and guarantees receivable	17,090,729	12,796,202
Taxes and funds payables	2,801,097	3,329,883
Other	600	1,099
	<b>19,892,426</b>	<b>16,127,184</b>

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 2021	31 December 2020
Raw materials	19,491,836	8,014,651
Pallets and tools	6,915,113	5,830,014
Finished goods	6,522,054	4,864,049
Other	1,086,367	1,136,576
	<b>34,015,370</b>	<b>19,845,290</b>

Cost of inventories recognized as expense and included in cost of sales amounted to TRY134,344,007 (2020: TRY71,670,838) (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.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD**

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

	<b>31 December 2021</b>	<b>31 December 2020</b>
<b>a) Short-term prepaid expenses</b>		
Prepaid expenses	930,484	1,890,015
Order advances given	867	868
	<b>931,351</b>	<b>1,890,883</b>
<b>b) Long-term prepaid expenses</b>		
Prepaid expenses	-	152,899
Advances given	-	18,236
	<b>-</b>	<b>171,135</b>
<b>c) Deferred income</b>		
Advances received	618,188	2,728,757
	<b>618,188</b>	<b>2,728,757</b>

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#### NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

##### a) Tangible Assets:

Movements of property, plant and equipment between 1 January - 31 December 2021 was as follows:

	1 January 2021	Additions	Disposals	Transfers (*)	Netting of Accumulated Depreciation Before Valuation	Revaluation Increase	31 December 2021
<b>Cost/Revaluation:</b>							
Land	18,795,000	-	-	385,000	-	11,069,000	30,249,000
Buildings and land improvements	74,565,017	22,000	-	2,557,302	(3,582,664)	50,074,345	123,636,000
Machinery and equipment	179,048,106	10,812,685	(1,530,260)	3,375,442	(11,829,475)	128,811,060	308,687,558
Motor vehicles	131,832	-	-	-	-	-	131,832
Furniture and fixtures	44,645,067	11,609,549	(4,223,194)	49,940	-	-	52,081,362
Construction in progress	434,133	350,889	-	(434,133)	-	-	350,889
	<b>317,619,155</b>	<b>22,795,123</b>	<b>(5,753,454)</b>	<b>5,933,551</b>	<b>(15,412,139)</b>	<b>189,954,405</b>	<b>515,136,641</b>
<b>Accumulated depreciation (-):</b>							
Buildings and land improvements	-	(3,582,664)	-	-	3,582,664	-	-
Machinery and equipment	-	(13,341,034)	1,511,560	-	11,829,474	-	-
Motor vehicles	(131,832)	-	-	-	-	-	(131,832)
Furniture and fixtures	(27,842,034)	(4,119,717)	2,175,705	-	-	-	(29,786,046)
	<b>(27,973,866)</b>	<b>(21,043,415)</b>	<b>3,687,265</b>	<b>-</b>	<b>15,412,138</b>	<b>-</b>	<b>(29,917,878)</b>
<b>Net book value</b>	<b>289,645,289</b>						<b>485,218,763</b>

(\*) TRY 5,993,551 of the transfers is due to the retransfer of non-current assets classified as held for sale to fixed assets accounts due to failure to meet the relevant conditions in TFRS 5 "30.15" Standard..

The Company classifies polycarbonate and glass demijohn together with baskets as tangible assets and their carrying value is TRY19,197,428.

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## PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş. NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD

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### NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

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.

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

##### b) Right of Use Assets:

	1 January 2021	Additions	Disposals	31 December 2021
<b>Cost:</b>				
Buildings and land improvements	32,104,851	3,283,438	-	35,388,289
Machinery and equipment	1,443,923	-	(1,443,923)	-
Motor vehicles	11,436,578	-	(538,463)	10,898,115
	<b>44,985,352</b>	<b>3,283,438</b>	<b>(1,982,386)</b>	<b>46,286,404</b>
<b>Accumulated depreciation (-):</b>				
Buildings and land improvements	(10,263,674)	(7,176,879)	-	(17,440,553)
Machinery and equipment	(1,443,923)	-	1,443,923	-
Motor vehicles	(2,994,221)	(2,584,254)	56,918	(5,521,557)
	<b>(14,701,818)</b>	<b>(9,761,133)</b>	<b>1,500,841</b>	<b>(22,962,110)</b>
<b>Net book value</b>	<b>30,283,534</b>			<b>23,324,294</b>

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

##### b) Right of Use Assets:

	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>

(\*) Please see Note 2.5.5

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

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

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

Current year's depreciation and amortisation charges were allocated to cost of production by TRY23,203,849 (31 December 2020: TRY18,236,102) production costs, TRY5,759,865 (31 December 2020: TRY6,420,042) to marketing expenses by (Note 21.b) and TRY2,344,960 (31 December 2020: TRY2,437,576) to general and administrative expenses by (Note 21.a), TRY30,301 (31 December 2020: TRY27,460) and research and developments expenses.

Movements in revaluation reserve related to land, buildings, land improvements, machinery and equipment as of 31 December 2021 and 2020 were as follows:

	2021	2020
<b>1 January</b>	<b>141,204,973</b>	<b>77,728,001</b>
Depreciation on revaluation reserve transferred to retained earnings - net	(7,885,433)	(3,553,130)
Increase in revaluation reserve of land, land improvements and buildings - net	50,021,556	8,533,687
Increase in revaluation reserve of machinery and equipment- net	103,048,868	58,486,719
Disposal from revaluation reserve due to sales of property plant and equipment - net	-	9,696
<b>31 December</b>	<b>286,389,964</b>	<b>141,204,973</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 2021 and 2020 are as follows:

	Land	Building and land improvements	Machinery and equipment
<b>31 December 2021:</b>			
Cost	4,264,212	49,678,067	123,624,743
Less: Accumulated depreciation	-	(16,839,069)	(66,468,377)
<b>Net book value</b>	<b>4,264,212</b>	<b>32,838,998</b>	<b>57,156,366</b>
<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>

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#### NOTE 12 - INTANGIBLE ASSETS

The movements of intangible assets and related accumulated amortisation for the periods 1 January - 31 December 2021 and 2020 were as follow:

	1 January 2021	Additions	31 December 2021
<b>Costs:</b>			
Rights	7,598,793	468,200	8,066,993
Accumulated amortisation	(3,020,073)	(534,427)	(3,554,500)
<b>Net book value</b>	<b>4,578,720</b>		<b>4,512,493</b>
	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>

#### NOTE 13 - GOVERNMENT GRANTS AND INCENTIVES

In 2013, the company received TRY14,433,546, TRY 8,308,639 received in 2015, TRY28,691,361 received in 2016 and TRY 5,310,000 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 2018, there is a deferred tax asset of TRY 9,498,709. (31 December 2017: TRY 8,436,709) 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 2018 (Note.25).

#### NOTE 14 - BORROWINGS AND BORROWING COSTS

	31 December 2021	31 December 2020
Short-term loans	160,677,616	125,797,515
Lease liabilities	7,583,500	7,752,522
Short-term portion of long-term loans	29,576,933	43,173,454
<b>Short-Term Borrowings</b>	<b>197,838,049</b>	<b>176,723,491</b>
Long-term loans	33,164,199	31,743,518
Long-term lease borrowings	17,593,710	23,760,525
<b>Long-Term Borrowings</b>	<b>50,757,909</b>	<b>55,504,043</b>
<b>Total Borrowings</b>	<b>248,595,958</b>	<b>232,227,534</b>

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

Details of bank loans as of 31 December 2021 and 2020 are presented below:

	Effective weighted average interest rate p.a. (%)		Original currency		TRY equivalent	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
<b>Short-term borrowings:</b>						
Borrowings EUR(***)	2.60	-	3,385,024	-	51,160,813	-
Borrowings TRY (*)	18.50	18.61	109,516,803	125,797,515	109,516,803	125,797,515
<b>Short-term portion of long term borrowings</b>						
Borrowings TRY (**)	16.43	13.49	29,576,933	43,173,454	29,576,933	43,173,454
<b>Total short-term borrowings</b>					<b>190,254,549</b>	<b>168,970,969</b>
<b>Long-term borrowings:</b>						
Borrowings TRY (**)	17.80	13.33	33,164,199	31,743,518	33,164,199	31,743,518
<b>Total long-term borrowings</b>					<b>33,164,199</b>	<b>31,743,518</b>
<b>Total borrowings</b>					<b>223,418,748</b>	<b>200,714,487</b>

(\*) As of 31 December 2021, TRY denominated short-term bank borrowings consist of borrowings with spot loans fixed interest rates of 18.50% p.a. (2020: Interest rates of 18.61% p.a.).

(\*\*) As of 31 December 2021, TRY 60,626,015 of TRY loans consist of fixed-rate loans with an annual average interest rate of 17.04%, while the portion of TRY 2,115,117 includes variable-rate loans with an interest rate of 17.76% (2020: TRY 73,425,017 of the loans with an average annual interest rate of 13.35%), TRY 1,491,955 includes floating rate loans with an interest rate of 16.62%.

(\*\*\*) As of 31 December 2021, Euro short-term financial debts consist of spot loans with an annual average interest rate of 2.60%.

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

The redemption schedule of long-term bank borrowings (financial lease excluded) at 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
2022 year	-	22,193,980
2023 year	30,739,436	9,549,538
2024 year	2,424,763	-
	<b>33,164,199</b>	<b>31,743,518</b>

As of 31 December 2021 and 2020, 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 2021:</b>				
Borrowings with variable interest rates	703,464	1,411,653	-	2,115,117
Borrowings with fixed interest rates	-	-	-	221,303,631
	<b>703,464</b>	<b>1,411,653</b>	<b>-</b>	<b>223,418,748</b>

#### 31 December 2020:

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>

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

	Carrying amount		Fair value	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Bank borrowings	223,418,748	200,714,487	224,056,439	200,281,297

The fair values of bank loans are determined using the discounted cash flow method using effective weighted interest rates of 18.50% and 2.60% (31 December 2020: 18.65% annually for TRY), respectively for TRY and EUR.

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

For the period 1 January - 31 December 2021 and 2020 the carrying amount of net borrowings are as follows:

	2021	2020
<b>1 January</b>	<b>226,060,541</b>	<b>197,966,533</b>
Cash inflows from loans	206,662,412	185,107,043
Cash outflows from paybacks of borrowings	(200,276,733)	(158,155,245)
Unrealized exchange rate effect	16,631,538	-
Borrowings from leases	8,154,142	23,760,525
Cash outflows from leases	(14,489,972)	(15,164,523)
Effect of accrual of interest	(312,955)	(4,585,241)
Effect of change in cash and cash equivalents	(18,405,110)	(2,868,551)
<b>31 December</b>	<b>224,023,863</b>	<b>226,060,541</b>

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

	31 December 2021	31 December 2020
<b>a) Other short-term provisions:</b>		
Cost expense provision	1,525,211	-
Provision for premium to customer	300,268	411,131
Provisions for litigation	832,694	275,773
Other	-	14,627
	<b>2,658,173</b>	<b>701,531</b>
<b>b) Guarantees given:</b>		
Letter of guarantee	72,787,939	16,542,862
	<b>72,787,939</b>	<b>16,542,862</b>

As of 31 December 2021, TRY 53,653,050 of the letters of guarantee given to a financial institution in return for the bank loans used, and TRY 13,305,000 are the guarantees given to the tax office based on VAT refunds.

## 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

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

The collaterals, pledges and mortgages ("CPM") position of the Company for the years ended 31 December 2021 and 2020 were as follow:

	31 December 2021			31 December 2020		
	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	72,787,939	72,787,939	TRY	16,542,862	16,542,862
<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 in scope of C	-	-	-	-	-	-
			<b>72,787,939</b>			<b>16,542,862</b>

The ratio of total amount of other CPM to Equity

-

-

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

	31 December 2021	31 December 2020
<b>c) Guarantees received:</b>		
Bails	50,437,011	67,483,904
Letters of guarantee	32,789,646	26,956,317
Mortgages	7,040,800	6,934,174
Guarantee notes	1,559,002	2,719,002
Guarantee cheques	235,000	715,000
Other	10,332,205	8,479,089
	<b>102,393,664</b>	<b>113,287,486</b>

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

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

#### 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 TRY 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 İzmir 4th Tax Court ruled that the lawsuit was partially accepted and partially rejected, TRY 3,048,270 of which was in favor of the Company. The defendant Administration has applied to the legal remedy of appeal against the accepted part of the said decision, and by the Company based on the rejected parts; İzmir Regional Administrative Court 1st Tax Case Department decided to reject the appeal applications. Based on this decision, an appeal has been made, and the appeal examination is continuing at the Council of State.

The Company filed a lawsuit in İzmir 1st, 2nd, 3rd and 4th Tax Courts against a total tax and penalty of TRY1,235,533 as a result of the examinations carried out by the Ministry of Treasury and Finance examiners for the years 2017 and 2018. As a result of these lawsuits, the disputes were settled by paying TRY 60,798 in accordance with the Law No. 7326 on the Restructuring of Certain Claims and the Amendment of Certain Laws, regarding the taxes and penalties of TRY 1,224,833 in favor and TRY 10,700 in favor of the first instance courts.

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#### NOTE 16 - EMPLOYEE BENEFITS

	31 December 2021	31 December 2020
<b>a) Payables for employee benefits</b>		
Social security premiums	1,306,055	1,057,657
Other	343,802	264,407
	<b>1,649,857</b>	<b>1,322,064</b>
<b>b) Short - term provisions for employee benefits</b>		
Management bonus accrual	220,000	220,000
Seniority incentive bonus	105,943	142,255
	<b>325,943</b>	<b>362,255</b>
<b>c) Long - term provisions for employee benefits</b>		
Provision for employment termination benefits	4,558,784	3,582,072
Seniority incentive bonus	355,964	279,598
	<b>4,914,748</b>	<b>3,861,670</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 TRY8,284.51 (2020: TRY7,117.17) for each year of service as of 31 December 2021.

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 TRY10,848.59 which is effective from 1 January 2022 (1 January 2021: TRY7,638.96) has been taken into consideration in calculating the provision for employment termination benefits of the Company which is calculated once in every six months.

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

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

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

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

The following actuarial assumptions were used in the calculation of the total liability:

	31 December 2021	31 December 2020
Discount rate (%)	4.35	4.70
Probability of retirement (%)	94.88	94.39

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

	2021	2020
<b>1 January</b>	<b>3,582,072</b>	<b>2,869,561</b>
Interest costs		
997,409	404,285	
Actuarial loss	626,647	2,048,012
Current service cost	613,106	461,637
Paid during the year (-)	(1,260,450)	(2,201,423)
<b>31 December</b>	<b>4,558,784</b>	<b>3,582,072</b>

The total of interest cost and current service cost amounting to TRY1,610,514 (2020: TRY865,922) were allocated to general administrative expenses for TRY613,106 (31 December 2020: TRY461,637) (Note 21) and to financial expense for TRY997,409 (31 December 2020: TRY404,285) (Note 24).

#### NOTE 17 - EXPENSES BY NATURE

	1 January - 31 December 2021	1 January - 31 December 2020
Raw material, direct material and finished goods	130,306,023	67,966,484
Transportation and export	42,329,354	27,519,881
Depreciation and amortisation	31,338,974	27,121,179
Personnel	30,897,201	27,168,861
Outsourced services	26,654,616	19,932,541
Advertising	11,790,354	8,542,186
Energy	11,780,755	6,973,897
Repair and Maintenance	7,617,072	4,131,582
Consultancy	5,239,979	4,394,505
Merchandise goods	4,037,984	3,704,354
Communication	572,499	466,667
Other	25,941,535	15,419,510
	<b>328,506,346</b>	<b>213,341,647</b>

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#### NOTE 18 - OTHER ASSETS AND LIABILITIES

	31 December 2021	31 December 2020
<b>Other current assets</b>		
VAT receivable	24,574,595	18,374,966
Other	19,934	54,125
	<b>24,594,529</b>	<b>18,429,091</b>

#### 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 2021 and 2020 is as follows:

	31 December 2021	31 December 2020
Registered share capital (historical values)	220,000,000	50,000,000
Paid-in share capital with nominal value	94,762,708	44,762,708

The compositions of the Company's share capital at 31 December 2021 and 2020 were as follows:

Share owners	31 December 2021		31 December 2020	
	Share (%)	Share amount (TRY )	Share (%)	Share amount (TRY )
Yaşar Holding	58.00	54,960,344	58.00	25,961,415
Public quotation	32.31	30,620,258	32.31	14,463,977
Pınar Süt	8.77	8,314,576	8.77	3,927,525
YBP	0.80	755,713	0.80	356,973
Hedef Ziraat Tic. ve San. A.Ş.	0.09	83,864	0.09	39,614
YDT	0.03	27,953	0.03	13,204
<b>Total share capital</b>	<b>100.00</b>	<b>94,762,708</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>106,476,223</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.

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

Inflation adjustment to share capital amounting to TRY11,713,515 (2020: 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 9,476,270,800 (2020: 4,476,270,800) units of shares with a face value of Kr1 each as of 31 December 2021.

The Board of Directors of the Company took a decision to increase the registered capital ceiling from TRY 50,000,000 to TRY 220,000,000 on February 3, 2021, and the approval of the CMB was obtained within the scope of the necessary articles of association amendment and was approved at the Ordinary General Assembly held on March 25, 2021. At the company's board of directors meeting held on April 29, 2021; Within the scope of Article 6 of the Company's Articles of Association, titled Registered Capital, the issued capital of 44,762,708.45 Turkish Liras within the registered capital ceiling of 220,000,000 Turkish Liras is increased by 111.70% to 94,762,708.45 Turkish Liras by 111.70%, fully paid in cash. Issuance of shares representing TRY as bearer; It was decided not to make any restrictions on the shareholders' right to buy new shares, and to use their right to purchase new shares at nominal value, the relevant prospectus was prepared and an application was made to the Capital Markets Board as of May 31, 2021 for its approval. The relevant application was approved by the CMB on September 30, 2021 and registered on December 1, 2021.

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 (2020: TRY4,180,008) as of 31 December 2021.

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.

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

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.

#### NOTE 20 - REVENUE

	1 January - 31 December 2021	1 January - 31 December 2020
Domestic sales	473,300,887	291,804,723
Export sales	43,771,783	46,342,382
Trade goods sales	6,348,152	5,113,602
<b>Gross sales</b>	<b>523,420,822</b>	<b>343,260,707</b>
Less: Discounts	(197,160,781)	(121,110,639)
Return	(3,083,076)	(2,333,442)
<b>Net sales</b>	<b>323,176,965</b>	<b>219,816,626</b>
<b>Cost of sales</b>	<b>(199,484,201)</b>	<b>(115,113,506)</b>
<b>Gross Profit</b>	<b>123,692,764</b>	<b>104,703,120</b>

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

	1 January - 31 December 2021	1 January - 31 December 2020
<b>a) General administrative expenses:</b>		
Outsourced services	8,280,921	7,269,186
Personnel	7,789,924	7,417,588
Consultancy	3,630,086	3,293,504
Depreciation and amortisation	2,344,960	2,437,576
Energy	583,274	367,468
Rent	436,073	102,184
Communication	224,473	170,923
Representation and hospitality	200,879	257,886
Travel	127,581	52,144
Other	2,888,987	2,353,387
	<b>26,507,158</b>	<b>23,721,846</b>
<b>b) Marketing, selling and distribution expenses:</b>		
Transportation and export expenses	42,329,354	27,519,881
Personnel	15,469,158	13,220,799
Advertising	11,790,354	8,542,186
Outsourced services	8,425,779	5,635,386
Amortization and depreciation cost	5,759,865	6,420,042
Rent	2,428,722	1,470,740
Export commission	1,732,709	2,384,120
Consultancy	1,609,893	1,101,002
Repair and Maintenance	1,564,697	1,087,417
Energy	1,444,088	961,169
Other	9,304,789	5,523,693
	<b>101,859,408</b>	<b>73,866,435</b>

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

##### a) Other income from operating activities:

	1 January - 31 December 2021	1 January - 31 December 2020
Foreign exchange gain arising from commercial activities	10,561,915	4,513,491
Scrap sales income	746,005	409,863
Interest income due to time difference	151,871	166,848
Reversal of provision for impairment of receivables	50,338	38,603
Other	1,647,353	1,112,027
	<b>13,157,482</b>	<b>6,240,832</b>

##### b) Other expense from operating activities:

Foreign exchange loss arising from commercial activities	(5,747,878)	(2,816,747)
Provision for doubtful receivables	(908,116)	(522,232)
Fees and aid	(245,487)	(417,454)
Other (*)	(3,109,754)	(8,154,352)
	<b>(10,011,235)</b>	<b>(11,910,785)</b>

(\*) Most of the other expenses for the year ended 31 December 2020 are due to the extraordinary expenses incurred due to the damages detected while the distributor is abroad and occurred after delivery, related to the products sold by the Company.

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

	1 January - 31 December 2021	1 January - 31 December 2020
<b>a) Income from investment activities:</b>		
Gain on sale of property plant and equipment	825,705	180,635
Dividend income	461,241	391,590
	<b>1,286,946</b>	<b>572,225</b>
<b>b) Expense from investment activities:</b>		
Loss on sale of property plant and equipment	(1,309,868)	(93,936)
	<b>(1,309,868)</b>	<b>(93,936)</b>

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#### NOTE 24 - FINANCIAL INCOME AND EXPENSE

##### a) Financial Income:

	1 January - 31 December 2021	1 January - 31 December 2020
Interest income	1,076,588	509,401
Foreign exchange gain	285,256	215,113
	<b>1,361,844</b>	<b>724,514</b>

##### b) Financial Expense:

Interest expense	(41,547,689)	(37,214,729)
Foreign exchange loss	(17,783,468)	(1,379,796)
Bank commissions and overdue charges	(2,049,709)	(2,305,259)
Other	(3,691,399)	(1,620,185)
	<b>(65,072,265)</b>	<b>(42,519,969)</b>

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

In Turkey, the corporation tax rate for 2021 is 25% (31 December 2020: 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% (2020: 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 2020: 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 25% (2020: 22%) on their corporate income. Advance tax is declared by 14th (2020: 17th) 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.

The law on amending the Tax Procedure Law and the Corporate Tax Law was passed on January 20, 2022, Law No. It has been enacted with the number 7352 and it has been decided that the financial statements will not be subject to inflation adjustment in the 2021 and 2022 accounting periods, including the temporary accounting periods, and in the provisional tax periods of the 2023 accounting period, regardless of whether the conditions for the inflation adjustment within the scope of the Repeated Article 298 are met. In line with the Law No. 7352, the inflation adjustment will be applied to the financial statements as of 31 December 2023 and will be shown in the profit/loss account resulting from the inflation adjustment and will not be taxed.

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

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.

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.

## 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 2021

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

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

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.

Taxes on income for the years 1 January- 31 December 2021 and 2020 are summarised as follow:

	1 January - 31 December 2021	1 January - 31 December 2020
Deferred tax income/(expenses)	2,133,587	654,833
<b>Taxation on income/(expenses)</b>	<b>2,133,587</b>	<b>654,833</b>

Reconciliation of taxation on income is as follows:

<b>Loss before tax</b>	<b>(65,916,477)</b>	<b>(40,512,140)</b>
Tax calculated at rates applicable to the loss	16,479,119	8,912,671
Tax losses for which no deferred income tax asset was recognized	(11,931,711)	(8,768,608)
Deductable incomes	452,552	426,352
Non-deductable expenses	(2,202,807)	(572,414)
Other	(663,566)	656,832
<b>Total tax income/(expense)</b>	<b>2,133,587</b>	<b>654,833</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.

Details of cumulative temporary differences and the resulting deferred income tax assets and liabilities provided as of 31 December 2021 and 2020 were as follows:

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

	Cumulative temporary differences		Deferred income tax assets/(liabilities)	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Revaluation of land, land improvements, buildings, machinery and equipment	354,652,858	174,555,247	(68,262,899)	(33,350,276)
Difference between carrying value (excluding revaluation reserve) and tax bases of property, plant and equipment and intangible assets	6,933,327	4,941,428	(1,384,788)	(986,408)
Deduction of investment incentive (*)	(56,743,546)	(56,743,546)	9,498,709	9,498,709
Provision for employment termination benefits	(4,558,784)	(3,124,305)	911,757	624,861
Difference between carrying value and tax bases of available-for-sale investments	10,121,948	6,386,964	(514,550)	(1,001,824)
Other	(4,177,150)	(2,181,947)	835,430	436,389
<b>Deferred tax assets</b>			<b>11,245,896</b>	<b>10,559,959</b>
<b>Deferred tax liabilities</b>			<b>(70,162,237)</b>	<b>(35,338,508)</b>
<b>Deferred tax assets/(liabilities) - net</b>			<b>(58,916,341)</b>	<b>(24,778,549)</b>

(\*) 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>(24,778,549)</b>	<b>(8,019,792)</b>
Credited to statement of comprehensive income	2,133,587	654,833
Charged to actuarial loss arising from defined benefit plans	125,330	409,602
Charged to fair value reserve of available-for-sale investments	487,274	(1,310,591)
Revaluation of property, plant and equipment	(36,883,981)	(16,512,601)
<b>31 December</b>	<b>(58,916,339)</b>	<b>(24,778,549)</b>

As of 31 December 2021 and 2020, 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 2021	31 December 2020
2021	-	14,107,253
2022	8,208,664	8,208,664
2023	15,901,843	16,196,006
2024	26,731,994	26,731,994
2025	34,162,032	34,273,434
2026	47,726,842	-
	<b>132,731,375</b>	<b>99,517,351</b>

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#### 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 2021	1 January - 31 December 2020
Net loss for year	A	(63,782,890)	(39,857,307)
Weighted average number of ordinary shares issued with a nominal value of 1 Kr	B	5,726,270,800	4,476,270,800
<b>Loss per 100 shares with a Kr1 face value</b>	<b>A/B</b>	<b>(1,1139)</b>	<b>(0,8904)</b>

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

#### NOTE 27 - FINANCIAL INSTRUMENTS

##### Financial assests at fair value through other comprehensive income:

	31 December 2021	31 December 2020
Financial assests at fair value through other comprehensive income	18,602,836	14,867,852
	<b>18,602,836</b>	<b>14,867,852</b>

	31 December 2021		31 December 2020	
	Carrying amount (TRY )	Share (%)	Carrying amount (TRY )	Share (%)
Desa Enerji	10,150,638	6.07	6,079,326	6.07
Viking Kağıt	4,378,339	1.69	6,396,924	1.69
YDT	4,073,859	0.93	2,391,602	0.93
	<b>18,602,836</b>		<b>14,867,852</b>	

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#### NOTE 27 - FINANCIAL INSTRUMENTS (Continued)

Viking Kağıt is stated at quoted market prices as it is listed on BIST; YDT and Desa Enerji are stated at their fair values which are determined based on the discounted cash flows by using the market interest rates and the risk premium specific to unlisted companies within the related sectors. As of 31 December 2021, 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 2021 and 2020 are as follows:

	Discount rate		Growth rate	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
YDT	24.87%	18.76%	1%	1%
Desa Enerji	23.94%	17.92%	2%	2%

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

	2021	2020
<b>1 January</b>	<b>14,867,852</b>	<b>7,544,201</b>
<b>Fair value (decrease)/ increase</b>		
Viking Kağıt	(2,018,585)	5,067,785
Desa Enerji	4,071,312	1,837,125
YDT	1,682,257	1,025,884
<b>Affiliate capital reduction:</b>		
Desa Enerji	-	(607,143)
<b>31 December</b>	<b>18,602,836</b>	<b>14,867,852</b>

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

	2021	2020
<b>1 January</b>	<b>10,830,079</b>	<b>4,209,875</b>
Increase in fair value	3,734,985	7,930,795
Deferred income tax on fair value reserves of available-for-sale investments	487,274	(1,310,591)
<b>31 December</b>	<b>15,052,338</b>	<b>10,830,079</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.

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#### NOTE 28 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow, 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 2021 and 2020:

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

31 December 2021:

31 December 2021:	Receivables					
	Trade Receivables (1)		Other Receivables		Bank Deposits	Total
	Related	Third	Related	Third		
	Parties	Parties	Parties	Parties		
<b>Maximum amount of credit risk exposed as of reporting date</b>						
<b>(A+B+C+D+E) (2)</b>	<b>9,446,760</b>	<b>36,042,343</b>	<b>-</b>	<b>5,667,570</b>	<b>24,531,781</b>	<b>75,688,454</b>
- The part of maximum credit risk covered with guarantees	-	6,827,501	-	-	-	6,827,501
A. Net book value of financial assets not due or not impaired	<b>9,164,169</b>	<b>31,870,214</b>	<b>-</b>	<b>5,667,570</b>	<b>24,531,781</b>	<b>71,233,734</b>
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)	282,591	4,172,129	-	-	-	4,172,129
- The part covered by guarantees etc	-	1,296,162	-	-	-	1,296,162
D. Net book value of assets impaired	-	-	-	-	-	-
- Past due (gross book value)	-	4,865,066	-	-	-	4,865,066
- Impairment amount (-)	-	(4,865,066)	-	-	-	(4,865,066)
- The part of net value covered with guarantees etc	-	-	-	-	-	-
- Not due (gross book value)	-	-	-	-	-	-
- Impairment amount (-)	-	-	-	-	-	-
- The part of net value covered with guarantees etc	-	-	-	-	-	-
E. Off balance items exposed to credit risk	-	-	-	-	-	-

- (1) Trade receivables balances mainly resulted from the sale of pet bottled and bottled water.
- (2) In the determination of related amounts, guarantees received providing increase credit reliability are not take into account.
- (3) Considering the past experiences and collections subsequent to the balance sheet date, the Company management does not foresee any collection problem for the overdue.

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

31 December 2020:

31 December 2020:	Receivables				Bank Deposits	Total
	Trade Receivables (1)		Other Receivables			
	Related	Third	Related	Third		
	Parties	Parties	Parties	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.

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

31 December 2021	Receivables		Total
	Trade Receivables	Other Receivables	
1 - 30 days overdue	1,107,571	-	1,107,571
1 - 3 months overdue	1,577,703	-	1,577,703
3 - 12 months overdue	1,769,446	-	1,769,446
The part covered by guarantees	(1,296,162)	-	(1,296,162)
	<b>4,454,720</b>	-	<b>4,454,720</b>

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	(1,245,702)	-	(1,245,702)
	<b>3,683,619</b>	-	<b>3,683,619</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 2021 and 2020 are as follows.

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

##### 31 December 2021:

	Book value	Total cash outflows per agreement (=I+II+III)	Less than 3 months (I)	3 - 12 months (II)	1 - 5 months (III)
<b>Contract terms:</b>					
<b>Non-derivative financial liabilities</b>					
Bank Borrowings	223,418,748	248,042,064	51,763,999	161,371,680	34,906,385
Trade Payables	101,923,079	101,923,080	95,696,458	6,226,622	-
Other Payables	20,329,347	20,329,347	20,329,347	-	-
Borrowings from leases	25,177,210	36,584,807	3,266,626	9,434,770	23,883,411
	<b>370,848,384</b>	<b>406,879,298</b>	<b>171,056,430</b>	<b>177,033,072</b>	<b>58,789,796</b>

##### 31 December 2020:

	Book value	Total cash outflows per agreement (=I+II+III)	Less than 3 months (I)	3 - 12 months (II)	1 - 5 months (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>

##### 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.

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

	Foreign Currency Position							
	31 December 2021				31 December 2020			
	TRY Equivalent	USD	EUR	Other TRY Equivalent	TRY Equivalent	USD	EUR	Other TRY Equivalent
1. Trade Receivables	10,959,051	128,184	175,901	6,596,721	17,678,946	121,345	1,326,696	4,837,469
2a. Monetary Financial Assets (Cash, Bank accounts included)	7,657,192	220,662	107,322	3,096,853	-	-	-	-
2b. Non-Monetary Financial Assets	-	-	-	-	-	-	-	-
3. Other	-	-	-	-	552	-	61	-
<b>4. Current Assets (1+2+3)</b>	<b>18,616,244</b>	<b>348,846</b>	<b>283,223</b>	<b>9,693,574</b>	<b>17,679,498</b>	<b>121,345</b>	<b>1,326,757</b>	<b>4,837,469</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>18,616,244</b>	<b>348,846</b>	<b>283,223</b>	<b>9,693,574</b>	<b>17,679,498</b>	<b>121,345</b>	<b>1,326,757</b>	<b>4,837,469</b>
10. Trade Payables	2,383,502	50,870	94,416	277,241	19,207,956	2,017,501	473,008	137,684
11. Financial Liabilities	51,157,242	-	3,384,781	-	-	-	-	-
12a. Monetary Other Liabilities	-	-	-	-	-	-	-	-
12b. Non-Monetary Other Liabilities	-	-	-	-	-	-	-	-
<b>13. Short Term Liabilities (10+11+12)</b>	<b>53,540,744</b>	<b>50,870</b>	<b>3,479,197</b>	<b>277,241</b>	<b>19,207,956</b>	<b>2,017,501</b>	<b>473,008</b>	<b>137,684</b>
14. Trade Payables	-	-	-	-	-	-	-	-
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>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>18. Total Liabilities (13+17)</b>	<b>53,540,744</b>	<b>50,870</b>	<b>3,479,197</b>	<b>277,241</b>	<b>19,207,956</b>	<b>2,017,501</b>	<b>473,008</b>	<b>137,684</b>
<b>19. Net Asset/ (Liability) Position of Off Balance Sheet Derivative Instruments (19a-19b)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>19a. Amount of Asset Nature Off-Balance Sheet Derivative Instruments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>19b. Amount of Liability Nature Off-Balance Sheet Derivative Instruments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>20. Net Foreign Asset/ Liability Position (9+18+19)</b>	<b>(34,924,500)</b>	<b>297,976</b>	<b>(3,195,974)</b>	<b>9,416,333</b>	<b>(1,528,458)</b>	<b>(1,896,156)</b>	<b>853,749</b>	<b>4,699,785</b>
<b>21. Net Foreign Currency Asset/ (Liability) Position of Monetary Items (UFRS 7.B23)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(34,924,500)</b>	<b>297,976</b>	<b>(3,195,974)</b>	<b>9,416,333</b>	<b>(1,529,010)</b>	<b>(1,896,156)</b>	<b>853,688</b>	<b>4,699,785</b>
<b>22. Total Fair Value of Financial Instruments Used for Foreign Currency Hedging</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>23. Export</b>	<b>46,719,833</b>	<b>634,226</b>	<b>686,208</b>	<b>28,414,048</b>	<b>46,342,382</b>	<b>858,472</b>	<b>1,536,782</b>	<b>26,197,590</b>
<b>24. Import</b>	<b>17,566,426</b>	<b>1,353,606</b>	<b>-</b>	<b>-</b>	<b>546,195</b>	<b>-</b>	<b>60,635</b>	<b>-</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 2021

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

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

31 December 2021

	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	397,050	(397,050)	397,050	(397,050)
2- The part of USD risk hedged (-)	-	-	-	-
<b>3- USD Effect - net (1+2)</b>	<b>397,050</b>	<b>(397,050)</b>	<b>397,050</b>	<b>(397,050)</b>
<b>Change of EUR by 10% against TRY:</b>				
4- Asset/Liability denominated in EUR	(4,831,134)	4,831,134	(4,831,134)	4,831,134
5- The part of EUR risk hedged (-)	-	-	-	-
<b>6- EUR Effect - net (4+5)</b>	<b>(4,831,134)</b>	<b>4,831,134</b>	<b>(4,831,134)</b>	<b>4,831,134</b>
<b>Change of other currencies by 10% against TRY:</b>				
7- Assets/Liabilities denominated in other foreign currencies	941,633	(941,633)	941,633	(941,633)
8- The part of other foreign currency risk hedged (-)	-	-	-	-
<b>9- Other Foreign Currency Effect - net (7+8)</b>	<b>941,633</b>	<b>(941,633)</b>	<b>941,633</b>	<b>(941,633)</b>
<b>TOTAL (3+6+9)</b>	<b>(3,492,451)</b>	<b>3,492,451</b>	<b>(3,492,451)</b>	<b>3,492,451</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 2021

(Amounts expressed in Turkish lira ("TRY") 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 2021

(Amounts expressed in Turkish lira ("TRY") 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.

	<b>Interest Rate Position Schedule</b>	
	<b>31 December 2021</b>	<b>31 December 2020</b>
<b><u>Financial instruments with fixed interest rate</u></b>		
Financial assets	75,730,576	39,634,634
Financial liabilities	368,733,267	306,198,227

##### **Financial instruments with floating interest rate**

Financial liabilities	2,115,117	1,491,366
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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).

	<b>31 December 2021</b>	<b>31 December 2020</b>
Total financial liabilities	248,595,958	232,227,534
Less: Cash and cash equivalents (Note 5)	(24,572,103)	(6,166,993)
Net debt	224,023,855	226,060,541
Total equity	226,998,576	83,835,560
<b>Debt/equity ratio</b>	<b>99%</b>	<b>270%</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 2021

(Amounts expressed in Turkish lira ("TRY") 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. Financial investments are shown with their fair values.

##### **Financial Liabilities**

Fair values of bank borrowings are disclosed in Note 14.

Trade payables, payables to related parties and other monetary liabilities are estimated to be presented with their discounted carrying amounts and they are considered to approximate to their fair values and the fair values of balances denominated in foreign currencies, which are translated at year-end exchange rates, are considered to approximate carrying values.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

## 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 2021

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

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

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2021 and 2020:

##### 31 December 2021

	Level 1	Level 2	Level 3 (*)	Total
Financial investments	4,378,339	-	14,224,497	18,602,836
<b>Total assets</b>	<b>4,378,339</b>	<b>-</b>	<b>14,224,497</b>	<b>18,602,836</b>

##### 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>

(\*)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 2021 and 2020 are as follows:

##### 31 December 2021

	Level 1	Level 2	Level 3	Total
<b>Property, Plant and Equipment:</b>				
Land	-	30,249,000	-	30,249,000
Buildings and land improvements	-	123,636,000	-	123,636,000
Machinery and equipment	-	308,687,558	-	308,687,558
<b>Total assets</b>	<b>-</b>	<b>462,572,558</b>	<b>-</b>	<b>462,572,558</b>

##### 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>

## 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 2021

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

#### NOTE 30 - FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITORS

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

	2021	2020(*)
Independent audit fees for the reporting period	93,500	67,500
	<b>93,500</b>	<b>67,500</b>

#### NOTE 31 - SUBSEQUENT EVENTS

Application of inflation accounting

The law on amending the Tax Procedure Law and the Corporate Tax Law was enacted on January 20, 2022, with Law No. It has been enacted with the number 7352 and it has been decided that the financial statements will not be subject to inflation adjustment in the 2021 and 2022 accounting periods, including the temporary accounting periods, and in the provisional tax periods of the 2023 accounting period, regardless of whether the conditions for the inflation adjustment within the scope of the Repeated Article 298 are met. On January 20, 2022, POA made a statement titled "Implementation of Financial Reporting in Hyperinflationary Economies" within the scope of TFRS, and it was stated that there was no need to make any adjustments in the financial statements for 2021 within the scope of TAS 29 "Financial Reporting in Hyperinflationary Economies".

# 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 29 March 2022, Tuesday, at 10:00 at the Altın Yunus Çeşme Turistik Tesisler in Altın Yunus Mah. 3215 Sok. No:38 Çeşme/Izmir.

## 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) 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

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To access Pınar Su investor relations website:



## Performance of Pınar Su ve İçecek Stock (Compared to BIST-ALL Index and BIST-FOOD Index)

