PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

FINANCIAL STATEMENTS
AT 1 JANUARY - 31 DECEMBER 2020
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

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

INDEPENDENT AUDITOR'S REPORT

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

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

2. Basis for opinion

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

3. Key audit matters

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

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Key Audit Matters	How the key audit matter was addressed in the audit
Fair value measurement of land and land improvements, buildings and machinery and equipment (Refer to Notes 2 and 11)	
In accordance with TAS 16, "Property, plant and equipment", land and land improvements, buildings and machinery and equipment are carried at fair value on the financial statements. As a result of the valuation made by the independent professional valuation firm appointed by the company management as of 31 December 2020, the total value increase in the carried values of land and land improvements, buildings and machinery and equipment is 83.5 million TL before tax and as of December 31, 2020 The total carrying value of these assets is TL 272.4 million. The aforementioned increase in value has been recognized by deducting the deferred tax effect in the tangible fixed asset revaluation increase account under equity in the statement of financial position. As of 31 December 2020, since the total value of the land and land improvements, buildings and machinery and equipment has a significant share in the Company's assets and the valuation techniques applied include important estimates and assumptions, the fair value determination of these assets is not carried out by us. It was considered as a key audit matter.	The following audit procedures were addressed in our audit work for the fair value measurement of land and land improvements and buildings: • We assessed in accordance with relevant audit standards that the competency, capability and objectivity of the independent professional valuers who were appointed by the Company management. • The consistency of the data used by the independent professional appraisal company appointed by the company management was checked with the Company's records and a matching study based on sampling. • In order to evaluate the assumptions and methods used by the company management and the independent professional valuation expert appointed by the Company management, an external expert has been included to examine the valuation reports selected by sampling. • The compliance of the disclosures of fair value determination of land and land improvements and buildings in the financial statements in accordance with the relevant financial reporting standards were evaluated.

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Key Audit Matters	How the key audit matter was addressed in the audit
Recoverability of trade receivables (Refer to Note 7) Trade receivables amounting to millions of TL23.7 from non-related parties as of 31 December 2020 are material to the financial statements. The Company management considers the guarantees received from its customers, past collection performance, credibility of customers, maturity analysis and disputes or claims related to receivables when evaluating recoverability. The determination of doubtful receivables together with the respective provisions includes Company management's estimations and assumptions. On the other hand, these estimates are very sensitive to market conditions. 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 evaluated. • 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 on a sample basis. • 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 financial reporting standards was 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.

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

- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

B. Other responsibilities arising from regulatory requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2020 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.

2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 26 February 2021.

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

Serdar İnanç, SMMM
Partner

İstanbul, 26 February 2021

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PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

STATEMENTS OF FINANCIAL POSITIONS (BALANCE SHEETS) AT 31 DECEMBER 2020 AND 2019

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

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

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

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

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

STATEMENTS OF FINANCIAL POSITIONS (BALANCE SHEETS) AT 31 DECEMBER 2020 AND 2019

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

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

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

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

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

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

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

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

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

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

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

					Other comprehensive income/(expense) not to be reclassified to profit or loss					
	Share Capital	Adjustment to share capital	Share Issue Premiums (Discounts)	Gains (Losses)on Revaluation of Property Plant and Equipments	Loses on Remeasurements of Defined Benefit Plans	Gains from Financial Assests at Fair Value Through Other Comprehensive Income	Restricted Reserves	Accumulated Lossess	Loss for the Period	Total Equity
Prior year										
1 January - 31 December 2019										
Balances at beginning	**44,762,708**	**11,713,515**	**88,239**	**62,735,634**	**(2,211,377)**	**1,588,253**	**4,180,008**	**(36,281,924)**	**(22,077,329)**	**64,497,727**
Transfers	-	-	-	(3,090,856)	-	-	-	(18,986,473)	22,077,329	-
Total comprehensive income	-	-	-	18,083,223	(760,060)	2,621,622	-	-	(32,751,845)	(12,807,060)
- Loss for the year	-	-	-	-	-	-	-	-	(32,751,845)	(32,751,845)
- Other comprehensive income	-	-	-	18,083,223	(760,060)	2,621,622	-	-	-	19,944,785
Balances at closing	**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**
Current 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**

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

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED AT 31 DECEMBER 2020 AND 2019

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

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

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

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

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

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

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

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

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

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

Kemalpaşa Mah. Kemalpaşa Caddesi No: 262
Bornova/İzmir

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

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

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

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

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

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

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

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

2.2 Amendments in Turkish Financial Reporting Standards

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

- Amendments to TAS 1 and TAS 8 on the 'Definition of Material'; effective from Annual periods beginning on or after 1 January 2020. These amendments to TAS 1, 'Presentation of financial statements',and TAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other TFRSs:

  i) use a consistent definition of materiality throughout TFRSs and the Conceptual Framework for Financial Reporting,
  ii) clarify the explanation of the definition of material and
  iii) incorporate some of the guidance in TAS 1 about immaterial information.

- Amendments to TFRS 3, 'Definition of a Business'; effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too coplex, and it results in too many transactions qualifying as business combinations.

- Amendments to TFRS 9, TAS 39 and TFRS 7 - Interest rate benchmark reform; effective from Annual periods beginning on or after 1 January 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

- Amendments to TFRS 16 "Leases - COVID 19 Lease concessions"; effective from annual periods beginning on or after 1 June 2020. Due to the COVID-19 outbreak, some concessions were provided to tenants in rent payments. These concessions can take a variety of forms, including suspension or postponement of lease payments. On May 28, 2020, with the amendment to the IFRS 16 Leases standard, the IASB introduced an optional facilitating application for tenants to not evaluate whether the privileges granted due to COVID-19 in lease payments are a change in the lease. Tenants may choose to account for such lease concessions in accordance with the provisions that apply in the absence of a change to the lease. This ease of implementation often causes the lease concession to be accounted for as variable lease payment in periods when an event or condition that triggers a reduction in lease payments occurs.

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

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

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

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

2.2 Amendments in Turkish Financial Reporting Standards (Continued)

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

  • **Amendments to TFRS 3 'Business Combinations';** This amendment updates a reference to the Conceptual Framework for Financial Reporting in TFRS 3 without changing the accounting requirements for business combinations.

  • **Amendments to TAS 16 'Tangible fixed assets';** prohibits a company from deducting the income from the sale of manufactured products from the amount of the tangible fixed asset until the asset is ready for use. Instead, the company will reflect such sales revenue and related cost in profit or loss.

  • **Amendments to TAS 37, 'Provisions, Contingent Liabilities and Contingent Assets';** this amendment specifies what costs a company involves when deciding whether to lose from a contract.

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

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

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

2.3 Changes and Errors in Accounting Policies and Estimates

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

2.4 Comparative Information

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

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

2.5 Summary of significant accounting policies

2.5.1 IFRS 16 Leases

The Company - as a lessee

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

- the contract involved the use of an identified asset - this may be specified explicitly or implicitly.
- the asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified.
- the Company has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use and
- the Company has the right to direct use of the asset. The Company concludes to have the right of use, when it is predetermined how and for what purpose the Company will use the asset. The Company has the right to direct use of asset if either:

    i. the Company has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or,
    ii. the Company designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used.

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

Right of use asset

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

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

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

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

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 asses for any impairment (Note 11.b).

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

Lease Liability

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

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

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

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

2.5 Summary of significant accounting policies (Continued)

2.5.1 IFRS 16 Leases (Continued)

Facilitating applications

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

Company - as lessor

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

2.5.2 Revenue Recognition

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

The Company recognizes revenue based on the following main principles:

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

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

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

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

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

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

2.5 Summary of significant accounting policies (Continued)

2.5.2 Revenue Recognition (Continued)

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

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

Revenue from product sales

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

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

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

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

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

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

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

2.5 Summary of significant accounting policies (Continued)

2.5.3 Financial assets

Classification and measurement

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

(a) Financial assets recognized at amortized cost

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

Impairment

The Company has applied simplified approach and used impairment matrix for the calculation of impairment on its receivables carried at amortized cost, since they do not comprise of any significant finance component. The stage dictates how the Company measures impairment losses and applies the effective interest rate method. A simplified approach is permitted for financial assets that do not have a significant financing component.

(b) Financial assets whose fair value is reflected in other comprehensive income

Assets that management adopts contractual cash flows and/or sales business model are classified as assets that are recognized at fair value. Such assets are classified as non-current assets unless management intends to dispose of the related assets within 12 months after the balance sheet date. The Company makes an invariable choice as investment in equity investments reflected to the other comprehensive income or profit or loss statement of the fair value difference of the investment at initial recognition for investments in equity-based financial assets:

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

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

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 monhtly weighted average basis (Note 9).

2.5.5 Property, plant and equipment

Property, plant and equipment except for land, land improvements and buildings and machinery and equipment are stated at cost less accumulated depreciation. Land, land improvements and buildings and machinery and equipment are reflected in the financial statements at their fair values determined by an independent valuation company as of 31 December 2020 (Note 11).Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the relevant asset and the net amount is restated to the revalued amount of the asset. Property, plant and equipment except for land, land improvements and buildings and machinery and equipment are carried at cost, less accumulated amortisation and impairment losses.

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

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

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

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

2.5 Summary of significant accounting policies (Continued)

2.5.5 Property, plant and equipment (Continued)

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

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

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

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

2.5.6. Non-current assets classified for sale

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

2.5.7. Intangible assets

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

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

2.5 Summary of significant accounting policies (Continued)

2.5.7. Intangible assets (Continued)

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

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

2.5.8 Borrowing and borrowing cost

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

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

2.5.9 Foreign currency translations and balances

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

2.5.10 Loss per share

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

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

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

2.5 Summary of significant accounting policies (Continued)

2.5.11 Subsequent Events

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

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

2.5.12 Provisions, contingent assets and contingent liabilities

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

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

2.5.13 Related parties

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

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

The person concerned,

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

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

2.5 Summary of significant accounting policies (Continued)

2.5.13 Related parties (Continued)

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

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

2.5.14 Employee and termination benefits

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

2.5.15 Statement of cash flow

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

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

2.5 Summary of significant accounting policies (Continued)

2.5.16 Share capital and dividends

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

2.5.17 Trade Receivables

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

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

2.5.18 Going concern

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

2.5.19 Received deposits amounts for demijohn and basket

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

2.6 Material Changes Regarding the Current Period

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

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

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

2.6 Material Changes Regarding the Current Period (Continued)

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

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

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

2.7 Significant accounting assessments, estimates and assumptions

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

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

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

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

2.7 Significant accounting assessments, estimates and assumptions (Continued)

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

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

- In fair value calculations, the most effective and efficient use evaluation was made and the current usage purposes were determined as the most effective and efficient use, and the peer comparison method was used for lands and plots, and the cost approach method was used for underground and surface landscapes and buildings.

- In the peer comparison method, the existing market information was used, the prices were adjusted within the framework of the criteria that may affect the market value, considering the similar real estates that were recently put on the market, and the average m2 sales value for the plots subject to the report was determined. The peers found were compared according to criteria such as location, size, zoning status, physical characteristics, and real estate marketing firms were interviewed for an up-to-date evaluation of the real estate market, and the existing knowledge of an independent professional valuation company was used.

- In the cost approach method, the value of the real estate is determined by adding the investment costs on the land to the land value after amortization (subtracting the depreciation after adding any interest or gain). In the calculation of the land value among the components discussed in the cost approach method, the equivalent comparison method explained above was used.

- Cost approach method was used in valuation of property, plant and equipment. Due to the fact that valuation is an integrated industrial plant valuation as a whole, in the light of market data to the extent that it is applicable in valuation of property, plant and equipment; It was built on active and operational values within the integrated plant and the property, plant and equipment in question were examined on a line basis.

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

b) Trade receivables and impairment

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

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

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

2.8 Offsetting

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

2.9 TFRS Compliance declaration to resolutions published by POAASA

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

NOTE 3 - INTERESTS IN OTHER ENTITIES

Please see Note 27.

NOTE 4 - SEGMENT REPORTING

Please see 2.3.

NOTE 5 - CASH AND CASH EQUIVALENTS

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

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

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

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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 2020 and 2019 are as follow:

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

a) Trade receivables from related parties:

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

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

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

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

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

b) Trade payables to related parties:

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

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

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

(2) Main Partner

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

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

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

e) Long term borrowings to related parties:

Yaşar Holding (2)	-	29,701,000
	-	**29,701,000**

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

ii) *Transactions with related parties:*

a) Product sales to related parties:

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

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

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

	1 January - 31 December 2020	1 January - 31 December 2019
b) Service sales to related parties:		
Desa Enerji Elektrik Üretim A.Ş. ("Desa Enerji") (1)	412,757	369,951
YDT (1)	407,989	271,920
Other	200,406	27,766
	1,021,152	**669,637**

c) Service purchases from related parties:		
Desa Elektrik (1)	5,594,393	341,536
Yaşar Holding (1)	4,105,094	3,996,852
Yaşar Bilgi İşlem (1)	3,760,325	2,402,696
YDT (1)	1,904,137	1,411,968
YBP (1)	603,659	389,633
Pınar Süt Mamülleri Sanayi A.Ş. ("Pınar Süt") (1)	319,634	264,049
Bintur Turizm ve Catering Hizmetleri A.Ş. ("Bintur") (1)	110,621	251,139
Desa Enerji (1)	5,810	30,305
Other	284,501	719,428
	16,688,174	**9,807,606**

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)	1,945,156	548,663
YBP (1)	296,170	317,102
YDT (1)	149,738	186,050
	2,391,064	**1,051,815**

e) Other income from operations from related parties:		
YDT(1)	3,263,949	925,538
Other	170,761	399,462
	3,434,710	**1,325,000**

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

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

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

f) Other expense from operations from related parties:

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

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

g) Tangible and intangible asset purchases from related parties:

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

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

h) Dividend income:

Desa Enerji (1)	391,590	320,877
	391,590	**320,877**

i) Bails received:

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

j) Key management compensation:

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

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

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NOTE 7 - TRADE RECEIVABLES AND PAYABLES

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

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

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

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

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

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

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

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

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.

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NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Continued)

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

	31 December 2020	31 December 2019
Supplier current accounts	51,604,618	45,141,441
	51,604,618	**45,141,441**

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

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

Supplier non current accounts	-	2,660,237
	-	**2,660,237**

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

	31 December 2019
2021	2,660,237
	2,660,237

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

NOTE 8 - OTHER RECEIVABLES AND PAYABLES

a) **Other short - term receivables**

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

b) Other payables to non-related parties:

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

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NOTE 8 - OTHER RECEIVABLES AND PAYABLES (Continued)

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

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

NOTE 9 - INVENTORIES

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

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

NOTE 10 - PREPAID EXPENSES AND DEFERRED INCOME

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

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NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

a) Tangible Assets:

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

	1 January 2020	Additions	Disposals	Transfers (*)	Netting of Accumulated Depreciation Before Valuation	Revaluation Increase	31 December 2020
Cost/Revaluation:							
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
	254,765,584	**7,214,438**	**(5,531,008)**	**(5,933,551)**	**(16,429,315)**	**83,533,007**	**317,619,155**
Accumulated depreciation (-):							
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)
	(32,568,939)	**(16,278,148)**	**4,443,906**	**-**	**16,429,315**	**-**	**(27,973,866)**
Net book value	**222,196,645**						**289,645,289**

(*) 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)

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

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

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

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

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

b) Right of Use Rights:

	1 January 2020	Additions	Disposals	31 December 2020
Cost:				
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
	17,436,044	**27,783,866**	**(234,558)**	**44,985,352**
Accumulated depreciation (-):				
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)
	(4,467,808)	**(10,305,295)**	**71,285**	**(14,701,818)**
Net book value	**12,968,236**			**30,283,534**

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NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

b) Right of Use Rights:

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

(*) Please see Note 2.4.1

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

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

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

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

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

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NOTE 12 - INTANGIBLE ASSETS

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

	1 January 2020	Additions	31 December 2020
Costs:			
Rights	6,941,453	657,340	7,598,793
Accumulated amortisation	(2,482,336)	(537,737)	(3,020,073)
Net book value	**4,459,117**		**4,578,720**

	1 January 2019	Additions	31 December 2019
Costs:			
Rights	6,032,494	908,959	6,941,453
Accumulated amortisation	(1,988,907)	(493,429)	(2,482,336)
Net book value	**4,043,587**		**4,459,117**

NOTE 13 - GOVERNMENT GRANTS AND INCENTIVES

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

NOTE 14 - BORROWINGS AND BORROWING COSTS

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

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NOTE 14 - BORROWINGS AND BORROWING COSTS (Continued)

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

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

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

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

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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 2020 and 2019 are as follows:

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

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

	Less than 3 months	3 months to 1 year	More than 1 year	Total
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
	210,113	**683,282**	**597,970**	**200,714,487**
31 December 2019:				
Borrowings with variable interest rates	168,359	558,762	-	2,239,952
Borrowings with fixed interest rates	-	-	-	172,447,120
	168,359	**558,762**	-	**174,687,072**

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

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

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

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NOTE 14 - BORROWINGS AND BORROWING COSTS (Continued)

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

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

NOTE 15 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

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

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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 2020 and 2019 were as follow:

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

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

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

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

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

d) Important Cases

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

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

NOTE 16 - EMPLOYEE BENEFITS

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

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NOTE 16 - EMPLOYEE BENEFITS (Continued)

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

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

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

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

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. The maximum amount of TRY7,638.96 which is effective from 1 January 2021 (1 January 2020: TRY6,730.15) has been taken into consideration in calculating the provision for employment termination benefits of the Company which is calculated once in every six months.

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

	31 December 2020	31 December 2019
Discount rate (p.a) (%)	4.70	5.00
Probability of retirement (%)	94.39	95.32

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

NOTE 16 - EMPLOYEE BENEFITS (Continued)

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

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

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

NOTE 17 - EXPENSES BY NATURE

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

NOTE 18 - OTHER ASSETS AND LIABILITIES

	31 December 2020	31 December 2019
Other current asssets		
VAT receivable	18,374,966	16,774,201
Other	54,125	50,850
	18,429,091	**16,825,051**

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NOTE 19 - SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

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

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

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

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

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

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

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

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

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

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

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

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

- The difference arising from the "Paid-in Capital" shall be classified as the "Inflation Adjustment to Share Capital"if it is not transferred to capital yet,

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

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

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

Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and in conformity with relevant legislations. The communique does not state a minimum dividend rate.Companies distribute dividends in accordance with the method defined in their dividend policy or articles of association. Additional, dividend can be distribured 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 determineed 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 dividens 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.

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NOTE 20 - REVENUE

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

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

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

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NOTE 22 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

	1 January - 31 December 2020	1 January - 31 December 2019
a) Other income from operating activities:		
Foreign exchange gain arising from commercial activities	4,513,491	1,793,516
Interest income due to time difference	166,848	547,835
Scrap sales income	409,863	369,926
Reversal of provision for impairment of receivables	38,603	234,800
Other	1,112,027	1,528,145
	6,240,832	**4,474,222**

	1 January - 31 December 2020	1 January - 31 December 2019
b) Other expense from operating activities:		
Foreign exchange loss arising from commercial activities	(2,816,747)	(3,394,009)
Provision for doubtful receivables	(522,232)	(424,467)
Fees and aid	(417,454)	(141,377)
Maturity difference interest expenses	-	(226)
Provision expense for lawsuits	-	(275,773)
Other (*)	(8,154,352)	(333,238)
	(11,910,785)	**(4,569,090)**

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

NOTE 23 - INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

	1 January - 31 December 2020	1 January - 31 December 2019
a) Income from investment activities:		
Dividend income	391,590	320,877
Gain on sale of property plant and equipment	180,635	139,582
	572,225	**460,459**

	1 January - 31 December 2020	1 January - 31 December 2019
b) Expense from investment activities:		
Loss on sale of property plant and equipment	(93,936)	(62,505)
	(93,936)	**(62,505)**

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NOTE 24 - FINANCIAL INCOME AND EXPENSE

a) Financial Income:

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

b) Financial Expense:

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

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

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

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

Corporations are required to pay advance corporation tax quarterly at the rate of 22% (2019: 22%) on their corporate income. Advance tax is is declared by 14th (2019: 14th) and payable by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. If, despite offsetting, there remains an amount for advance tax amount paid, it may be refunded or offset against other liabilities to the government.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 25th of the fourth month following the close of the financial year to which they relate.

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

Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings. Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

There are many exemptions in Corporate Tax Law regarding corporations. Those related to the Company are explained below:

Dividend gains from shares in capital of another corporation subject to resident taxpaying (except dividends from investment funds participation certificates and investment trusts shares) are exempt from corporate tax.

According to the Law No. 5520 on Corporate Income Tax, 50% of the income derived from the sales of the real estates which are included in the assets of the institutions for at least two full years are exempted from the corporation tax starting from 5 December 2017. In order to benefit exclusively, the earning must be kept in a passive fund account and not withdrawn for 5 years. The sales price must be collected by the end of the second calendar year following the year of sale.

75% of the profits from sale of preferential right certificates and share premiums generated from sale of shares at a price exceeding face values of those shares during incorporations or capital increases of joint stock companies are exempt from corporate tax.

Accordingly, the aforementioned gains/(losses) which have been included in trade profit/(loss) have been taken into consideration in calculation of Company's corporate tax.

Apart from the exemptions mentioned in the preceding paragraphs, the deductions granted in 14th and recurring 8th articles of Corporate Tax Law and 40 th article of the Income Tax Law together with the 10th article of Corporate Tax Law have been taken into consideration in calculation of the Company's corporate tax.

Transfer Pricing

Corporations should set the prices in accordance with the arm's length principle while entering into transactions regarding the sale or purchase of goods and services with related parties. Under the arm's length principle within the new legislation related parties must set the transfer prices for purchase and sale of goods and services as if they would have been agreed between third parties. Depending on the circumstances, a choice of accepted methods in aforementioned law of arm's length transaction has to be made by corporations for transactions with related parties. Corporations should keep the documentary evidence within the company representing how arm's length price has been determined and the methodology that has been chosen by use of any fiscal records and calculations in case of any request by tax authorities. Besides, corporations must report transactions with related parties in a fiscal period.

If a taxpayer enters into transactions regarding the sale or purchase of goods and services with related parties, where the prices are not set in accordance with the arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. The profit distributed in a disguised manner through transfer pricing completely or partially, will be assessed as distributed profit share or transferred amount to headquarter for limited taxpayers. After the distributed profit share is considered as net profit share and complemented to gross amount, deemed profit will be subject to corporate tax. Previous taxation processes will be revised accordingly by taxpayer who distributes disguised profit. In order to make adjustments in this respect, the taxes assessed in the name of the company distributing dividends in a disguised manner must be finalised and paid.

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

Taxes on income for the years 1 January- 31 December 2020 and 2019 are summarised as follow:

	1 January - 31 December 2020	**1 January - 31 December 2019**
Deferred tax income/(expenses)	654,833	(1,291,397)
Taxation on income/(expenses)	**654,833**	**(1,291,397)**

Reconciliation of taxation on income is as follows:

Loss before tax	**(40,512,140)**	**(31,460,448)**
Tax calculated at rates applicable to the loss	8,912,671	6,921,299
Tax losses for which no deferred income tax asset was recognized(8,768,608)	(8,311,337)	
Deductable incomes	426,352	181,311
Non-deductable expenses	(572,414)	(391,779)
Other	656,832	309,109
Total tax income/(expense)	**654,833**	**(1,291,397)**

Deferred taxes

The Company recognises deferred income tax assets and liabilities based upon temporary differences arising between their financial statements as reported under the statutory tax financial statements. (2019: 22%).

The Law regarding amendments on Certain Tax Laws was approved in the Parliament on 28 November 2017 and the Law was published in the Official Gazette on 5 December 2017. Accordingly, the corporate income tax rate for all companies will be increased from 20% to 22% for the years 2018, 2019 and 2020. Therefore, deferred tax assets and liabilities shall be measured at the tax rate of 22% that are expected to apply to these periods when the assets is realised or the liability is settled, based on the Law that have been enacted. For the periods 2021 and after, the reversals of temporary differences will be measured by 20%.

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

Details of cumulative temporary differences and the resulting deferred income tax assets and liabilities provided as of 31 December 2020 and 2019 were as follows:

	Cumulative temporary differences		Deferred income tax assets/(liabilities)	
	31 December 2020	**31 December 2019**	**31 December 2020**	**31 December 2019**
Revaluation of land, land improvements, buildings, machinery and equipment	174,555,247	95,461,786	(33,350,276)	(17,733,784)
Difference between carrying value (excluding revaluation reserve) and tax bases of property, plant and equipment and intangible assets	4,941,428	4,802,873	(986,408)	(958,697)
Deducted accumulated loss	-	-	-	-
Deduction of investment incentive (*)	(56,743,546)	(56,743,546)	9,498,709	9,498,709
Provision for employment termination benefits	(3,124,305)	(2,869,561)	624,861	573,912
Difference between carrying value and tax bases of available-for-sale investments	6,386,964	(4,523,706)	(1,001,824)	308,766
Other	(2,181,947)	(1,456,507)	436,389	291,301
Deferred tax assets			**10,559,959**	**10,672,688**
Deferred tax liabilities			**(35,338,508)**	**(18,692,481)**
Deferred tax assets/(liabilities) - net			**(24,778,549)**	**(8,019,793)**

(*) (31 December 2020: TRY9,468,709) deferred tax asset The contribution of the Ministry of Economy to investment incentives is 20% for 2013, 15% for 2015 and 2016, 20% for 2018, and %22 for 2019 respectively (Note 13).

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

1 January	**(8,019,792)**	**(2,723,344)**
Credited to statement of comprehensive income	654,833	(1,291,397)
Charged to actuarial loss arising from defined benefit plans	409,602	190,015
Charged to fair value reserve of available-for-sale investments	(1,310,591)	(258,635)
Revaluation of property, plant and equipment	(16,512,601)	(3,936,431)
31 December	**(24,778,549)**	**(8,019,792)**

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

As of 31 December 2020 and 2019, in line with the precautionary principle of accounting, the last usage years of the financial losses that can be deducted for which deferred tax assets are not calculated are as follows:

Expiration years	31 December 2020	31 December 2019
2021	14,107,253	14,107,253
2022	8,208,664	8,208,664
2023	16,196,006	16,196,006
2024	26,731,994	26,731,994
2025	34,273,434	-
	99,517,351	**65,243,917**

NOTE 26 - LOSS PER SHARE

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

Companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. For the purpose of earning/(loss) per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issues without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and for each earlier year.

		1 January - 31 December 2020	1 January - 31 December 2019
Net loss for year	A	(39,857,307)	(32,751,845)
Weighted average number of ordinary shares issued with a nominal value of 1 Kr	B	4,476,270,800	4,476,270,800
Loss per 100 shares with a Kr1 face value	**A/B**	**(0,8904)**	**(0,7317)**

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

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NOTE 27 - FINANCIAL INSTRUMENTS

Financial assests at fair value through other comprehensive income:

	31 December 2020	31 December 2019
Financial assests at fair value through other comprehensive income	14,867,852	7,544,201
	14,867,852	**7,544,201**

	31 December 2020		31 December 2019	
	Carrying amount (TRY)	Share (%)	Carrying amount (TRY)	Share (%)
Viking Kağıt	6,396,924	1.69	1,329,139	1.69
Desa Enerji	6,079,326	6.07	4,849,344	6.07
YDT	2,391,602	0.93	1,365,718	0.93
	14,867,852		**7,544.201**	

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

The discount and growth rates used in discounted cash flow models as at 31 December 2020 and 2019 are as follows:

	Discount rate		Growth rate	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
YDT	18.76%	19.01%	1%	1%
Desa Enerji	17.92%	18,41%	2%	1%

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

	2020	2019
1 January	**7,544,201**	**4,663,944**
Fair value (decrease)/ increase		
Participation of Desa Enerji to capital increase	**(607,143)**	**-**
Viking Kağıt	5,067,785	547,293
Desa Enerji	1,837,125	2,116,108
YDT	1,025,884	216,856
31 December	**14,867,852**	**7,544,201**

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

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NOTE 27 - FINANCIAL INSTRUMENTS (Continued)

	2020	**2019**
1 January	**4,209,875**	**1,588,253**
Increase in fair value	7,930,794	2,880,257
Deferred income tax on fair value reserves of available-for-sale investments	(1,310,590)	(258,635)
31 December	**10,830,079**	**4,209,875**

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

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

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow, fair value interest rate risk), capital risk, credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

Risk management is carried out by the senior management and finance department of the Company under policies approved by Board of Directors. The Board of Directors provides principles for overall risk management as well as policies covering specific areas, such as foreign exchange risk, interest rate risk and capital risk and closely monitors financial and operational risks.

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

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

a) Credit risk:

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements and in turn credit risk arises from cash and cash equivalents, deposits in banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. These risks are monitored by credit ratings and limiting the aggregate risk to any individual counter party and receiving guarantees when required. The Company's exports are realised by its related party, YDT and the related export receivables are monitored by YDT. The following tables analyse the Company's credit risk as of 31 December 2020 and 2019:

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

31 December 2020:	**Receivables**					
	Trade Receivables (1)		**Other Receivables**			
	Related Parties	**Third Parties**	**Related Parties**	**Third Parties**	**Bank Deposits**	**Total**
Maximum amount of credit risk exposed as of reporting date (A+B+C+D+E) (2)	**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 reliabilty are not take into account.
(3) Considering the past experiences and collections subsequent to the balance sheet date, the Company management does not foresee any collection problem for the overdue.

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

31 December 2019:	Receivables					
	Trade Receivables (1)		Other Receivables			
	Related Parties	Third Parties	Related Parties	Third Parties	Bank Deposits	Total
Maximum amount of credit risk exposed as of reporting date (A+B+C+D+E) (2)	**9,652,409**	**24,394,485**	**-**	**5,188,953**	**3,265,144**	**42,500,991**
- The part of maximum credit risk covered with guarantees	-	4,953,487	-	-	-	4,953,487
A. Net book value of financial assets not due or not impaired	8,923,596	19,348,563	-	5,188,953	3,265,144	36,726,256
B. Net book value of financial assets whose conditions are renegotiated, otherwise will be classified as past due or impaired	-	-	-	-	-	-
C. Net book value of assets past due but not impaired (3)	728,813	5,045,922	-	-	-	5,774,735
- The part covered by guarantees etc	-	1,365,369	-	-	-	1,365,369
D. Net book value of assets impaired	-	-	-	-	-	-
- Past due (gross book value)	-	3,523,659	-	-	-	3,523,659
- Impairment amount (-)	-	(3,523,659)	-	-	-	(3,523,659)
- The part of net value covered with guarantees etc	-	-	-	-	-	-
- Not due (gross book value)	-	-	-	-	-	-
- Impairment amount (-)	-	-	-	-	-	-
- The part of net value covered with guarantees etc	-	-	-	-	-	-
E. Off balance items exposed to credit risk	-	-	-	-	-	-

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

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

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

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

	Receivables		
31 December 2020	**Trade Receivables**	**Other Receivables**	**Total**
1 - 30 days overdue	3,130,014	-	3,130,014
1 - 3 months overdue	377,223	-	377,223
3 - 12 months overdue	176,382	-	176,382
The part covered by guarantees	(1,437,498)	-	(1,437,498)
	3,683,619	**-**	**3,683,619**

	Receivables		
31 December 2019	**Trade Receivables**	**Other Receivables**	**Total**
1 - 30 days overdue	3,254,070	-	3,254,070
1 - 3 months overdue	842,005	-	842,005
3 - 12 months overdue	949,847	-	949,847
The part covered by guarantees	(1,365,369)	-	(1,365,369)
	5,045,922	**-**	**5,045,922**

b) Liquidity risk:

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

The ability to fund the existing and prospective debt requirements is managed by maintaining the availability of fund providers' lines from high quality lenders. In order to maintain liquidity, the Company management closely monitors the collection of trade receivables on time in order to and to prevent any financial burden that may result from late collections and arranges cash and non-cash credit lines with banks for the use of the Company.

The Company's liquidity analysis in respect of categories of financial liabilities as of 31 December 2020 and 2019 are as follows.

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

31 December 2020:

	Book value	Total cash outflows per agreement (=I+II+III)	Less than 3 months (I)	3 - 12 months (II)	1 - 5 years (III)
Contract terms:					
Non-derivative financial liabilities					
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
	307,689,593	**339,427,732**	**157,398,353**	**124,548,961**	**57,480,418**

31 December 2019:

	Book value	Total cash outflows per agreement (=I+II+III)	Less than 3 months (I)	3 - 12 months (II)	1 - 5 years (III)
Contract terms:					
Non-derivative financial liabilities					
Bank Borrowings	186,573,178	207,793,205	85,310,426	16,251,584	106,231,195
Trade Payables	50,404,008	53,117,529	38,974,487	11,429,521	2,713,522
Other Payables	23,003,597	23,003,597	23,003,597	-	-
	259,980,783	**283,914,331**	**147,288,510**	**27,681,105**	**108,944,717**

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 2020				31 December 2019			
	TRY Equivalent	USD	EUR	Other TRY Equivalent	TRY Equivalent	USD	EUR	Other TRY Equivalent
1. Trade Receivables	17,678,946	121,345	1,326,696	4,837,469	8,181,042	189,961	709,616	2,333,260
2a. Monetary Financial Assets (Cash, Bank accounts included)	-	-	-	-	-	-	-	-
2b. Non-Monetary Financial Assets	-	-	-	-	-	-	-	-
3. Other	552	-	61	-	15,704	-	2,361	-
4. Current Assets (1+2+3)	**17,679,498**	**121,345**	**1,326,757**	**4,837,469**	**8,196,746**	**189,961**	**711,977**	**2,333,260**
5. Trade Receivables	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	-	-	-	-
8. Non-Current Assets (5+6+7)	-	-	-	-	-	-	-	-
9. Total Assets (4+8)	**17,679,498**	**121,345**	**1,326,757**	**4,837,469**	**8,196,746**	**189,961**	**711,977**	**2,333,260**
10. Trade Payables	19,207,956	2,017,501	473,008	137,684	21,801,402	2,433,973	865,857	1,584,644
11. Financial Liabilities	-	-	-	-	29,701,000	5,000,000	-	-
12a. Monetary Other Liabilities	-	-	-	-	-	-	-	-
12b. Non-Monetary Other Liabilities	-	-	-	-	-	-	-	-
13. Short Term Liabilities (10+11+12)	**19,207,956**	**2,017,501**	**473,008**	**137,684**	**51,502,402**	**7,433,973**	**865,857**	**1,584,644**
14. Trade Payables	-	-	-	-	2,660,237	-	400,000	-
15. Financial Liabilities	-	-	-	-	-	-	-	-
16a. Monetary Other Liabilities	-	-	-	-	-	-	-	-
16b. Non-Monetary Other Liabilities	-	-	-	-	-	-	-	-
17. Long Term Liabilities (14+15+16)	**-**	**-**	**-**	**-**	**2,660,237**	**-**	**400,000**	**-**
18. Total Liabilities (13+17)	**19,207,956**	**2,017,501**	**473,008**	**137,684**	**54,162,639**	**7,433,973**	**1,265,857**	**1,584,644**
19. Net Asset/ (Liability) Position of Off Balance Sheet Derivative Instruments (19a-19b)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
19a. Amount of Asset Nature Off-Balance Sheet Derivative Instruments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
19b. Amount of Liability Nature Off-Balance Sheet	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Derivative Instruments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
20. Net Foreign Asset/ Liability Position (9+18+19)	**(1,528,458)**	**(1,896,156)**	**853,749**	**4,699,785**	**(45,965,898)**	**(7,244,012)**	**(553,880)**	**748,616**
21. Net Foreign Currency Asset/ (Liability) Position of Monetary Items (UFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**(1,529,010)**	**(1,896,156)**	**853,688**	**4,699,785**	**(45,981,600)**	**(7,244,012)**	**(556,241)**	**748,616**
22. Total Fair Value of Financial Instruments Used for Foreign Currency Hedging	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
23. Export	**46,342,382**	**858,472**	**1,536,782**	**26,197,590**	**42,494,453**	**1,073,775**	**1,890,913**	**23,540,312**
24. Import	**546,195**	**-**	**60,635**	**-**	**1,771,302**	**-**	**266,337**	**-**

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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**
Change of USD by 10% against TRY:				
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 (-)	-	-	-	-
3- USD Effect - net (1+2)	**(1,391,873)**	**1,391,873**	**(1,391,873)**	**1,391,873**
Change of EUR by 10% against TRY:				
4- Asset/Liability denominated in EUR	769,049	(769,049)	769,049	(769,049)
5- The part of EUR risk hedged (-)	-	-	-	-
6- EUR Effect - net (4+5)	**769,049**	**(769,049)**	**769,049**	**(769,049)**
Change of other currencies by 10% against TRY:				
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 (-)	-	-	-	-
9- Other Foreign Currency Effect - net (7+8)	**469,979**	**(469,979)**	**469,979**	**(469,979)**
TOTAL (3+6+9)	**(152,845)**	**152,845**	**(152,845)**	**152,845**

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

31 December 2019	Table of Sensitivity Analysis for Foreign Currency Risk			
	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Change of USD by 10% against TRY:				
1- Asset/Liability denominated in USD	(4,303,088)	4,303,088	(4,303,088)	4,303,088
2- The part of USD risk hedged (-)	-	-	-	-
3- USD Effect - net (1+2)	**(4,303,088)**	**4,303,088**	**(4,303,088)**	**4,303,088**
Change of EUR by 10% against TRY:				
4- Asset/Liability denominated in EUR	(368,363)	368,363	(368,363)	368,363
5- The part of EUR risk hedged (-)	-	-	-	-
6- EUR Effect - net (4+5)	**(368,363)**	**368,363**	**(368,363)**	**368,363**
Change of other currencies by 10% against TRY:				
7- Assets/Liabilities denominated in other foreign currencies	74,862	(74,862)	74,862	(74,862)
8- The part of other foreign currency risk hedged (-)	-	-	-	-
9- Other Foreign Currency Effect - net (7+8)	**74,862**	**(74,862)**	**74,862**	**(74,862)**
TOTAL (3+6+9)	**(4,596,589)**	**4,596,589**	**(4,596,589)**	**4,596,589**

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

ii) Interest risk

The Company is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities.

	Interest Rate Position Schedule	
	31 December 2020	**31 December 2019**
Financial instruments with fixed interest rate		
Financial assets	39,632,035	42,534,309
Financial liabilities	307,689,593	257,320,547
Financial instruments with floating interest rate		
Financial liabilities	1,491,366	2,239,952

iii) Price risk

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

d) Capital risk management:

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

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

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

	31 December 2020	**31 December 2019**
Total financial liabilities	232,227,534	186,573,178
Less: Cash and cash equivalents (Note 5)	(6,166,993)	(3,298,440)
Net debt	226,060,541	183,274,738
Total equity	83,835,557	51,690,664
Debt/equity ratio	**270%**	**355%**

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

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

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

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

Financial Assets

The fair values of balances denominated in foreign currencies, which are translated at year-end exchange rates, are considered to approximate to their carrying values. Cash and cash equivalents are carried at their fair values. The fair values of trade receivables and due from related parties, are considered to approximate their respective carrying values due to their short-term nature.The cost of financial assets available for sale investments less, if any, impairments are considered to approximate their fair values.

Financial Liabilities

Fair values of bank borrowings are disclosed in Note 14.

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

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

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

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2020 and 2019:

31 December 2020

	Level 1	**Level 2**	**Level 3** (*)	**Total**
Financial investments	6,396,924	-	8,470,928	14,867,852
Total assets	**6,396,924**	**-**	**8,470,928**	**14,867,852**

31 December 2019

	Level 1	**Level 2**	**Level 3 (*)**	**Total**
Financial investments	1,329,139	-	6,215,062	7,544,201
Total assets	**1,329,139**	**-**	**6,215,062**	**7,544,201**

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

The non-financial assets of the Company calculated at their fair values as of 31 December 2020 and 2019 are as follows;

31 December 2020

	Level 1	**Level 2**	**Level 3**	**Total**
Property, Plant and Equipment:				
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
Total assets	**-**	**272,408,123**	**-**	**272,408,123**

31 December 2019

	Level 1	**Level 2**	**Level 3**	**Total**
Property, Plant and Equipment:				
Land	-	17,100,000	-	17,100,000
Buildings and land improvements	-	71,750,000	-	71,750,000
Machinery and equipment	-	115,449,342	-	115,449,342
Total assets	**-**	**204,299,342**	**-**	**204,299,342**

NOTE 30 - SUBSEQUENT EVENTS

At the meeting of the Board of Directors of our Company on 3 February 2021, the registered capital ceiling of 50,000,000 TRY stated in the 6th article of the Company's Articles of Association was increased to 220,000,000 TRY, since the 5-year validity period will expire at the end of 2021, the validity period of the registered capital ceiling will cover the years 2021-2025. It has been decided to amend Article 6 of the Company's Articles of Association, titled "Registered Capital", to obtain the necessary permissions from the Capital Markets Board and the Ministry of Commerce and to submit the issue to the approval of our shareholders at the first General Meeting to be held.

The mentioned draft amendment to the articles of association was approved by the CMB on 11 February 2021, and it is envisaged to be submitted for the approval of the shareholders at the first General Assembly meeting to be held following the permission of the Ministry of Commerce of the Republic of Turkey.

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