



PINAR SÜT

ANNUAL REPORT

20
21

for a better life



Relevant Accounting Period of the Report

01.01.2021 - 31.12.2021

Trade Name

Pınar Süt Mamulleri Sanayii A.Ş.

Trade Registry and Number

Izmir Trade Register 34821 K-572

Registered Equity Ceiling

TRY 80,000,000

Issued Capital

TRY 44,951,051.25

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Factory - İzmir

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Website - Social Media

www.pinar.com.tr

instagram.com/pinarlayasam

facebook.com/pinarlayasam

twitter.com/pinarlayasam

youtube.com/herseycocuklarimizicin

linkedin.com/pinar-sut

www.pinarhepyanimda.com

instagram.com/pinarhepyanimda

facebook.com/pinarhepyanimda

twitter.com/pinarhepyanimda

youtube.com/pinarhepyanimda

www.pinarprotein.com

instagram.com/pinarprotein

facebook.com/pinarprotein

youtube.com/pinarprotein

spotify.com/pinarprotein

www.kido.com.tr

instagram.com/pinar_kido

facebook.com/PinarKido

youtube.com/pinarkido

instagram.com/pinarlezzetikatlar/

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youtube.com/pinarlezzetikatlar



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



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

Leading Brands in Different Industries

Pınar and DYO are among the top brands in Turkey's "brands most known by consumers," listing with their leading brands in the food, beverage, and coatings industries, the main business lines of Yaşar Group. The Group focuses on consumers and customers, has adopted the principle of providing the highest quality products and services, and has established strong ties with business partners. The shares of Yaşar Holding A.Ş.'s subsidiaries Pınar Süt, Pınar Et, Pınar Su ve İçecek, Dyo Boya, Viking Kağıt and Altın Yunus Çeşme are traded on Borsa İstanbul.

A Deep-rooted Establishment that Introduced a Series of "FIRSTS" to Turkey

Yaşar Group proudly bears the title of "the pioneer of the firsts" with the sectors, brands, and products it has brought to Turkey.

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

- The first natural spring water offered in disposable packaging, PINAR SU
- The first private industry integrated meat facility, PINAR ET
- The first integrated turkey facility, PINAR HİNDİ
- The first aquaculture facility and the first aquaculture farmed-fish production, PINAR DENİZ
- The first organic fertilizer factory, ÇAMLI YEM BESİCİLİK

An Approach That Values the Environment and Society

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

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

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

The progress reports and sustainability reports published by the Group within the scope of the Global Compact are available on the corporate website at www.yasar.com.tr.



Message from the Chairperson of the Board

Kido varieties, Pinar Choco Labneh, Pinar Denge Probiotic Yoghurt, and Pinar Protein Cottage Cheese, were our newest products in this context.

We contributed to our consumers and our industry alike through our development efforts by introducing 32 new products to the market. With the momentum of new products developed for our export operations to 32 countries, we also introduced the Pinar brand to new markets like the United Kingdom, France, Romania, and Somalia. Our ability to accurately analyze the changing needs of different cultures significantly impacted the success of our global reach.

Sustainability is our main focus in all business processes that make up our R&D and product development efforts, procurement process, human resources approach, marketing strategies, and social responsibility projects. We aim to leave a livable world to future generations without compromising our sustainability strategy.

We have reduced our carbon emissions while preventing waste by focusing on 'recycling' in our packaging. We have continued to erase the footprints left in nature in all our business processes. The Zero Waste Certificate Pinar Süt received has allowed us to get one step closer to our goals. The Business Plastic Initiative, implemented with the participation of Yaşar Holding, was an exemplar in which we once again demonstrated our determination to reduce our plastic usage.

Quality is our indispensable value. Our continuously renewed facilities, our employees empowered through training, and our suppliers who are 100% attuned to our criteria are the key components of our quality process. We have continued to deliver quality products and services by combining our production power that meets international standards with our talented human resources and responsible procurement approach.

We have continued to contribute to many areas, from the arts to sports, education, and the environment, through implemented social responsibility projects. And with our efforts, now a tradition, we have reached thousands of people from all walks of life, from children to dairy producers and from athletes to students.

As Pinar Süt, we will achieve many great things with the strength we derive from society and the belief and trust of our employees, consumers, shareholders, and business partners. And we will continue to raise many healthy generations together.

I would like to express my gratitude to our employees, shareholders, dealers, business partners, and all stakeholders who enable us to look confidently to the future.

Best Regards,

Idil Yiğitbaşı
Chairperson of the Board of Directors

Dear Stakeholders,

With a regional development model that has been supporting dairy farming and adding value to our country and society since 1973 and a mission of raising healthy generations by delivering high-quality milk, an essential nutrient, to our children in its most natural form, Pinar Süt is proud to be the pioneering enterprise of Turkey's agricultural industry.

As Pinar Süt, we work to develop our industry, in which we are a pioneer. We achieve this by keeping our consumers and customers the focus of our business, developing products per their needs and expectations, and reflecting our strength in R&D and innovation in our products and services.

As the Yaşar Group and Pinar Süt, we experienced an untimely loss in 2021. We are deeply saddened to have lost our brother Mustafa Selim Yaşar. In his name, we will continue to work towards achieving common goals and ideals that carry our Group and companies into the future.

Operating in the food industry, one of profound importance for the future of humanity, sharpens our sense of responsibility, motivating us to deliver greater benefits to our world, our country, and our industry by carefully reviewing all of our processes.

As Pinar Süt, we concluded the year with a turnover of TRY 2.7 billion on growth of 32.2%. We achieved a gross profit of TRY 348.1 million. The net profit of our company for the period was TRY 117.3 million. Within the scope of our renovation and modernization works, we made investments totaling TRY 56 million during the year.

The connection between food and health has become clearer yet during the pandemic period. Duly, we have strengthened our existing healthy and functional product development strategy. With the principle of "a healthy and quality life" at our R&D Center, we accelerated our efforts to balance the total energy value of products and reduce ingredients such as sugar and salt. In addition to their being delicious, we have received positive feedback from our consumers regarding our enriched and functional products of high nutritional value, satiety, and bioavailability. Our lactose-free and sugar-free

Board of Directors



İDİL YİĞİTBAŞI
CHAIRPERSON OF THE BOARD OF DIRECTORS



E. FEYHAN YAŞAR
VICE CHAIRPERSON OF THE BOARD OF DIRECTORS



MUSTAFA SELİM YAŞAR*
BOARD MEMBER



KEMAL SEMERCİLER
INDEPENDENT BOARD MEMBER



METİN AKMAN
INDEPENDENT BOARD MEMBER



YEŞİM GÜRA
INDEPENDENT BOARD MEMBER

Limits of Authority:

Both the Chairperson and the Members of the Board of Directors have the powers specified in the relevant articles of the Turkish Commercial Code and articles 11 and 12 of our Articles of Association



CENGİZ EROL
BOARD MEMBER



YILMAZ GÖKOĞLU
BOARD MEMBER

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

** Resumes of the Board of Directors are available on pages 47-48.

Senior Management and Committees

BOARD OF DIRECTORS AND TENURES

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

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

Corporate Governance Rating:

Pınar Süt's corporate governance rating was confirmed as 9.33 out of 10 in 2021.

SENIOR MANAGEMENT

NAME LAST NAME	POSITION
SUAT ÖZYİĞİT	VICE CHAIRPERSON
GÜRKAN HEKİMOĞLU	GENERAL MANAGER
MUSTAFA ŞAHİN DAL	FINANCIAL AFFAIRS AND FINANCE DIRECTOR

COMMITTEE RESPONSIBLE FOR AUDITS

NAME LAST NAME	POSITION
KEMAL SEMERCİLER	CHAIRPERSON
METİN AKMAN	MEMBER
YEŞİM GÜRA	MEMBER

CORPORATE MANAGEMENT COMMITTEE

NAME LAST NAME	POSITION
METİN AKMAN	CHAIRPERSON
KEMAL SEMERCİLER	MEMBER
CENGİZ EROL	MEMBER
CEMRE EKİCİ BAYRAM**	MEMBER

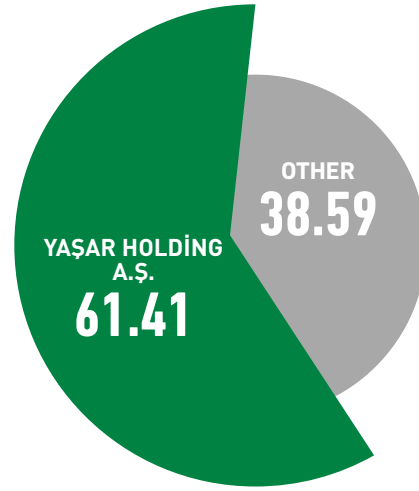
EARLY DETECTION OF RISK COMMITTEE

NAME LAST NAME	POSITION
KEMAL SEMERCİLER	CHAIRPERSON
METİN AKMAN	MEMBER
YEŞİM GÜRA	MEMBER
CENGİZ EROL	MEMBER

[**] Cemre Ekici Bayram was appointed as a Member of the Corporate Governance Committee as of 30 July 2021.

Shareholding Structure

PINAR SÜT SHAREHOLDING STRUCTURE (%)



Shareholder	Share Ratio (%)	Share Amount (TRY)
YAŞAR HOLDİNG A.Ş.	61.41	27,603,901.57
OTHER	38.59	17,347,149.68
Total	100.00	44,951,051.25

The shares of Pınar Süt are traded on the Borsa İstanbul Main Market under the symbol "PNSUT."

Information on privileges regarding company shares can be found in the Legal Explanations section of the annual report.

Pınar Süt and 2021 At A Glance



In 2021, Pınar Süt continued to grow and produce for healthy generations, focusing on sustainability.

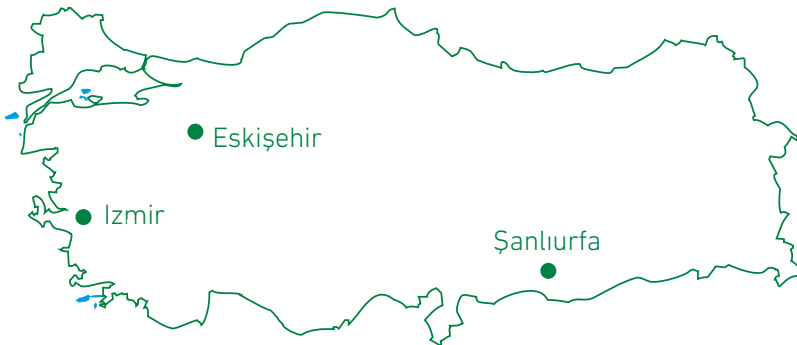
Raw milk supplied from more than **20,000** producers

More than
155
thousand sales
points

Total production
area of
357,360 m²

Indoor area of
111,095 m²

TRY **56**
million in
Investments



Introduction
facilities at
in **3** locations
in Turkey

Export to
32 Countries

TRY **2.68**
billion Turnover

18.9 %
the Share of Pinar Süt
in the Export of Milk
and Dairy Products
from Turkey

TRY **348.1**
million
Gross Profit

32.2 %
Turnover
Growth



1,162 Average Number of Employees

18,783 Total Hours of Training Given to Employees

“The Most Admired Company of the Business World”

in the survey conducted by Zenna Araştırma ve Danışmanlık
under the guidance of Capital Magazine

FINANCIAL PERFORMANCE IN 2021

(Million TRY)	01.01.2021-31.12.2021	01.01.2020-31.12.2020
Net Sales	2,681.9	2,028.5
Gross Sales Profit	348.1	262.1
Gross Profit Margin	13.0%	12.9%
(Million TRY)	31.12.2021	31.12.2020
Shareholders' Equity	1,950.9	1,061.6
Assets	3,387.3	1,919.2
Total Liabilities/Equity Ratio	0.74	0.81

Company Profile

Pınar Süt plays a leading role in the industry's growth with its innovative products adding "healthy milk and dairy products" to consumption habits.

Established in Izmir in 1973 as the largest facility in the Middle East and the most advanced in Europe, Pınar Süt continues to lead the industry as the first company to introduce long-lasting milk to Turkey. Pınar Süt, which has the pride and responsibility of being Turkey's first modern industrial enterprise in its industry, has been contributing to the development of the food and husbandry industry since its foundation.

Pınar Süt, the products of which support the healthy eating habits of society and the raising of healthy generations, constantly improves on its product portfolio by closely following the demands and needs of its consumers.

With its three modern factories located in Izmir, Eskişehir, and Şanlıurfa, producing to European Union standards, the Company offers fruit juice, pudding, ketchup, mayonnaise, mustard, honey, sauce, jam, and powder varieties to both domestic and international markets, in addition to dairy products such as milk, yoghurt, ayran, cheese, butter, and cream.

Working with 110 farms to supply quality raw materials, Pınar Süt supports over 20,000 producers with whom it has sustainable and robust relationships, contributing to increased milk production in Turkey.

Reflecting an approach to quality that begins with the supply of raw materials to all business processes, Pinar Süt makes a difference with its products and services that add value to human life. By closely monitoring new technologies within its industry, the Company transfers innovative, applicable technology in areas such as production methods, machinery and equipment, marketing, product development, quality improvement, packaging, information systems, logistics, and product usage.

Pinar Süt continues to create value for the national economy

with responsible investment decisions, environmental sensitivity, and production models that consider resource efficiency and consumer orientation.

Trusted and Admired Brand

Pinar Süt remains the "Fountain of Life" for the millions of people whose homes it enters with the mission of being a source of "Health," "Flavor," and "Innovation." Thanks to consumer trust in the brand, Pinar Süt has successfully become the "Most Admired" brand in its industry.





Pınar Süt stands out from the competition by delivering products that offer quality, hygiene, taste, and innovation to the market through Turkey's largest cold distribution network.

Competitive Advantages

HIGH BRAND VALUE

- Innovative and pioneering identity
- Winner of Turkey's Most Admired Companies Award
- Among the top 250 Companies in Turkey with the Highest R&D Spend
- Winner of the Women-Friendly Brands Award

QUALITY PRODUCTION, RICH PORTFOLIO

- Hygienic production at EU norms confirmed in certifications
- Over 300 SKUs
- Strong and well-established R&D experience
- Technical experience and industry knowledge
- Energy-efficient industrial facilities

SUSTAINABLE PROCUREMENT, WIDESPREAD DISTRIBUTION

- The power of Yaşar Birleşik Pazarlama, which operates the largest cold and frozen distribution chain in Turkey
- Over 155,000 points of sale
- Group synergy created by the joint distribution of dairy and meat products
- Robust supply chain with over 20,000 raw milk producers



Industry Overview

10
MILLION TONS TOTAL
COW'S MILK TONNAGE

40%
GROWTH
IN TURNOVER

The acceleration of the wellness trend in 2021 increased interest in milk and dairy products. Products with improved content stood out during the year, whereby total cow's milk by tonnage grew by 10%.

Another significant development in 2021, as the world began adapting to life during the COVID-19 pandemic, was the prioritization of sustainability. Ultimately, sustainability has changed trends, customer preferences, and habits in the milk and dairy products industry, as in many other areas.

Amid the COVID-19 restrictions that began in 2020, village cooperatives and organizations worldwide continued their milk collection operations without interruption. Dairy processing plants also continued to increase their production. With the revival of the economic activities of importing and exporting countries, the rise in global dairy product trade in 2020 continued in 2021.

The Industry in Turkey

Amid the COVID-19 restrictions that began in 2020, village cooperatives and organizations worldwide continued their milk collection operations without interruption. While dairy processing plants increased their production, the rise in global dairy product trade witnessed in 2020 continued with the revival of the economic activities of importing and exporting countries.

The total volume of cow's milk collected in Turkey rose by 2.1% in 2021 compared to the previous year to 10 million 51 thousand 820 tons. Compared to the same period of the previous year, skimmed milk powder production increased by 23.9%, ayran production increased by 22%, whole milk powder production climbed 15.9%, and butter production rose by 7.9%.

in January-December 2021 (Turk-Stat, December 2021). As of 2021, the total milk tonnage in the packaged milk market was 2.5 million tons on 10.5% growth, while turnover reached TRY 12.8 billion on 40% growth (IPSOS HTP, 2021). When the growth categories are considered, it emerges that value-added categories such as children's milk and lactose-free milk come to the fore (Nielsen, Market Excluding Discount Market, 2021). The cheese market reached a total market tonnage of 0.6 million tons on growth of 11.6% in 2021. Turnover reached TRY 21.4 billion on growth of 3.6% (IPSOS HTP, 2021). The Labneh

and Cream sub-categories in the Cheese category were also observed to grow (Nielsen, Market Excluding Discount Market, 2021).

As a result of the cooperative efforts with the Ministry of Commerce and the Ministry of Agriculture and Forestry, Turkish dairy product exporters entered the market rapidly with the start of milk and dairy product exports to China as of May 2020. With this agreement, whey powder, cheese, milk powder, cream, and butter exports to China continued in 2021.





Having realized 18.9% of Turkey's total dairy product exports, Pinar Süt successfully ended 2021 with a turnover of TRY 2.68 billion and a growth rate of 32.2%.

Activities of 2021

18.9%
SHARE IN DAIRY
PRODUCTS
EXPORTS

EXPORT TO
32
COUNTRIES

With its production under European Union standards, Pinar Süt reached a sales volume of 318 thousand tons in 2021. Having concluded 2021 successfully with a turnover of TRY 2.68 billion and a gross profit of TRY 348.1 million, Pinar Süt achieved growth of 32.2%. The Company's net profit for the period reached TRY 117.3 million. The total fixed asset expenditures of Pinar Süt, which continued its investments unabated in 2021, amounted to TRY 56 million.

Continuing its export activities in line with its strategy of becoming a regional power in the Middle East and proximate geography, Pinar Süt realized 18.9% of Turkey's total dairy product exports in 2021 (excluding industrial milk powder and whey powder).

As a result of ongoing marketing efforts throughout the year, Pinar Süt increased its export destinations to 32, wherein the Gulf countries took first place in foreign sales with a 35% share. The United Arab Emirates (UAE), Kuwait, Iraq, TRNC, and Azerbaijan were among the top countries in the company's trade volume in global markets, while Bahrain, Qatar, and the USA were among other important export countries.

Pinar Süt continued to participate in events in 2021 to follow the industry closely and meet with its customers. The Company participated in the Gulf region's Gulfood Fair, one of the largest food and beverage fairs in the world, and



in the Anuga Food and Beverage Fair in Cologne, Germany, the world's largest food and beverage fair with participants from over 100 countries. At the fair, Pinar Süt attracted considerable attention from EU customers and exhibitors from the Far East, Africa, and the Middle East, where it also presented its new products.

NEW MARKETS, NEW ACHIEVEMENTS

Pinar Süt, which accelerated its steps towards new export markets in line with its goal of sustainable growth, established a presence in different regions of the world with the Pinar brand and products in 2021.

- In 2021, it entered the United Kingdom, French, Romanian and Somali markets.
- Pinar Süt, which in 2020 realized its maiden exports to the People's Republic of China, one of the world's largest dairy products markets, increased its exports approximately fourfold by adding White Cheese and Cheddar Cheese to Labneh and Pinar White products, which continue to be exported in 2021 as well. The Company conducted consumer research for the Chinese market, experiencing continued growth.
- The Beyaz Kids and Labneh Baby products developed in the category of Spreadable Cheese for children were launched for export channels.
- Communication activities were carried out using digital media applications to increase brand awareness in the Gulf Region and the Iraqi, Azerbaijani, Russian, and Kazakhstani markets.
- Market magazine discounts, shelf price actions, additional displays, and digital marketing activities were conducted to access more households in Iraq, Azerbaijan, Kazakhstan, the TRNC, and Kosovo.

FUTURE GOALS

Leading the domestic and international markets with its high value-added products and innovative approach, Pinar Süt continues to develop innovative projects based on the expectations and needs of its consumers. The Company aims to maintain its strong position in the market in the near future with functional and innovative product studies across diverse categories.



Investments

Pınar Süt invested a total of TRY 55,984,326, focusing on improving efficiency and product quality in 2021.

Building on its technology through renovation and modernization projects, Pınar Süt responds to changing consumer expectations and industry conditions with its investments.

With a total investment of TRY 55,984,326 in 2021, Pınar Süt increased its production capacity in addition to renovation and maintenance works at its facilities

Pınar Süt made traditional cheese line multi-mould investments at its İzmir Factory in 2021, commissioning the End-of-Line Robotic Packing Automation System investment for Cottage Cheese. And having initiated the robotics investment to automate the 1000 ml UHT Boxed Milk Multipak Grouping process, the Company reached the final stage in the waste-water treatment plant revision and biogas plant investment project launched at the end of 2020. The testing, control, and commissioning works are expected to be completed in the 2nd half of 2022.

Having completed the End-of-Line Packaging Automation investment of the Cottage Cheese Line at the Eskişehir Factory, Pınar Süt increased its rapid cooling system capacity with investments in Cooling Compressor and Cold Room Equipment. The investment in the Automatic Enzyme Dosing System for Lactose-free Milk, launched in 2020, was also completed and commissioned.

The Company, which continues its efforts to increase efficiency at the Şanlıurfa Factory, has completed the commissioning of its new investments for the end-of-line packaging automation project for the Cottage Cheese Line.

Pınar Süt continued its renovation and modernization investments in manufacturing units and auxiliary facilities throughout the year.



HIGH-TECH INVESTMENTS

As part of its high-tech investments to adapt to Industry 4.0, the Company completed the Izmir Factory Aseptic Lines Robotic Palletizing Automation project and began commissioning works at the end of 2021. Pınar Süt, which within this context also launched the Aseptic Lines Robotic Palletizing System project at its Eskişehir Factory, continued its robotics and automation equipment and technologies R&D activities throughout the year.

Pınar Süt completed two Automation System projects carried out by the Technology Center under its R&D Center in 2021. These were the Milk Powder Bag Palletizing project and Şanlıurfa Factory Aseptic Lines Robotic Palletizing Automation project.

INFORMATION TECHNOLOGIES

In 2021, Pınar Süt implemented significant information technology infrastructure projects. With digitalization investments, notable developments and improvements were achieved in increased efficiency, business continuity, data security, and cost improvement. The production and warehouse automation project was commissioned at the Şanlıurfa factory. Using Robotic Process Automation technologies, the Company achieved increased efficiency and reduced costs in its business processes.





R&D Center Studies

Improving rapidly in terms of innovation and sustainability with operational, scientific, and technological R&D studies and projects carried out at the Technology Center, Pinar Süt developed 18 new healthy products and 30 new environmentally friendly packaging options in 2021.

To increase the Company's sustainability, strength, and competitiveness through the efficient use of its capacity and competence, Pinar Süt's R&D Center carries out its activities in two distinct dimensions. While "Operational R&D" involves product and packaging projects for new product development and existing product optimization, "Scientific & Technological R&D" involves innovation-oriented projects. Projects related to robot design and domestic packaging machines within Industry 4.0 are also carried out at the Technology Center under the roof of the R&D Center.

In 2021, Pinar Süt applied for four patents and completed one TÜBİTAK TEYDEB project within the scope of the 1501 Industrial R&D Projects Support Program, while the R&D Center employees of Pinar Süt published a research article. The process continued for seven patent applications, with new applications throughout the year.

Pinar ranked among the top 100 in the "R&D 250, Turkey's Top 250 Companies by R&D Spend" survey conducted by Turkishtime Turkey (Economy and Business Culture Portal). According to the data of Turkishtime Turkey R&D 250 Research for 2021, the Pinar Süt R&D Center ranked 3rd among the top 10 companies with the highest R&D spend in the food industry, 65th in terms of the number of projects carried out at the R&D Center, and 17th in terms of the number of brands created by the R&D Center.

Carrying out projects with experts and academics from different universities with a university-industry cooperation approach, Pinar Süt's R&D Center focuses on studies aimed at reducing foreign dependency and increasing the ratio of exports to imports. With this vision, the Company carries out projects supporting the production of domestic raw materials, auxiliary materials, and products. The R&D Center also aims to develop more sustainable next-generation production technologies.

Strategies of the R&D Center:

- To maintain and continuously improve its effectiveness and criteria,
- To improve the staff, quality, and competence of the R&D Center,
- To contribute to the Company and the country by designing new generation technologies and applications that will transfer academic knowledge and know-how to the industry,
- To protect project outputs with patents, utility models, and registration per Intellectual-Industrial Rights,
- To contribute to the development and progress in related fields through scientific publications, articles, etc.,
- To achieve swiftness and flexibility in applied research and experimental development stages by strengthening the laboratory and pilot plant infrastructure,
- To produce innovative works that will strengthen the brand value and financial power and to establish domestic or foreign collaborations,
- To ensure the development of an environmentally friendly packaging portfolio for a sustainable world and,
- To ensure high customer satisfaction.

A HEALTHY AND HIGH-QUALITY LIFE

In line with its principle of serving "health and quality of life," the Pinar Süt R&D Center aims to balance the total energy of its products and reduce contents such as saturated fat, sugar, and salt. Valuing community health, the Center works to develop products of high nutritional value, enriched functionality, a high sense of fullness, and high bioavailability

RESPONSIBLE PRODUCTION AND CONSUMPTION

For responsible production and consumption, Pinar Süt's R&D Center pays attention to the fact that all packages in its portfolio are recyclable and that secondary packages are derived from recycled packages. In new packaging projects, pallet optimization is considered to determine technical criteria such as material and packaging component weight and reduce carbon emissions in the logistics process. The Company carries out projects such as reducing packaging weight, optimizing pallet alignment and number of boxes, reducing parcel paper weight, and the systematic transition to low micron aluminum foil and localization.

Within the scope of the Business World Plastics Initiative signed under the leadership of Yaşar Holding, Pinar Süt carried out review and monitoring studies related to plastic reduction and the use of recyclable and recycled materials in 2021. In cooperation with TÜBİTAK, studies related to production using less energy and lower auxiliary material use and cost were implemented by the R&D Center.

Bulletins for Information Sharing

Informative bulletins containing details of innovations, packaging, science, technique, and patents prepared by the R&D Center were regularly shared with Company employees.

Award-Winning Projects

Pinar Multi Lactose-free High-protein Vitamin/Mineral Added Dairy products were deemed worthy of the Superior Taste Award by the jury consisting of Michelin-starred chefs and sommeliers at the ceremony held in Belgium by the International Taste and Quality Institute (ITQI).

In the multi-partner "Green Deal" and "Research and Innovation Framework" projects submitted to Horizon 2020, the Company received above-threshold awards upon evaluation by the European Commission.





Strong Cooperation with Suppliers

Pınar Süt selects its suppliers based on the “Pınar Quality Criteria” in all business processes to offer high quality and healthy products.

Pınar Süt selects its suppliers meticulously to produce sustainable, high-quality, and healthy products. The Company, which works with over 20,000 raw milk producers in Turkey, procures high-quality raw materials and constantly supports its suppliers in developing animal husbandry. Pınar Süt supplies milk from 110 farms that adopt its quality approach and produce milk per European Union standards. The Company organizes training programs for suppliers on crucial issues such as milk quality, herd health, animal nutrition, and preventive medicine within the scope of efforts to inform and raise awareness among producers.

In addition to its raw milk and raw materials procurement, the Company also purchases auxiliary food materials, packaging materials, operating materials, spare parts, equipment, and promotional materials.

In 2021, the Company worked with approximately 1,850 suppliers for all purchases, excluding raw milk.

Purchases of raw materials other than milk, auxiliary food materials, and packaging materials are made from suppliers approved by the Quality Assurance, Purchasing, and R&D Departments. In this context, companies that are capable of supplying materials that comply with Pınar Quality Criteria are included in the supplier system after extensive trials.

All materials and services required by Pınar Süt are supplied per the Pınar Süt Purchasing Regulations and Procedures, as well as the movements in domestic and foreign markets, prevailing economic conditions, suitable commercial conditions, desired time-quantity-quality, ethical and moral rules, and all legal regulations. The Company, which prioritizes technical competence, technological infrastructure, financial structure and performance, service quality, and location

suitability, aims to develop long-term business partnerships with its suppliers.

Suppliers are reviewed quarterly by the Purchasing Department and the Quality Assurance Department for quality, price, delivery time, quantity, and service quality within the scope of the Supplier Evaluation Procedure. As a result of the evaluations, procurement activities are systematically improved with corrective actions.

By considering the environmental impacts, priority is given to purchases from suppliers/manufacturers located close to

the plants. The Quality Assurance unit tracks the availability of all MSDS (Material Safety Data Sheet) documents to evaluate the environmental impacts of materials during use. Suppliers holding TS EN ISO 14001 certification are preferred for service procurement.

Having started to use robotic process automation for technical materials in the last quarter of 2020 to increase the use of technology and artificial intelligence, Pınar Süt completed the bidding phase (receiving commercial quotes from approved suppliers) for 12,366 materials in total at its İzmir, Eskişehir, and Şanlıurfa factories in 2021 via robotics.





Offering both high-quality and taste in Turkish and foreign markets, Pınar Süt continues to develop innovative products to contribute to a healthy life and meet the current expectations of consumers.

Pınar Süt Products

Keyif Cheese

Hellim Cheese
Gouda Cheese
Aged Kashkaval
Cheddar Cheese
Go Snack Cheeses
İnce Bi'Peynir

YOGHURT

Natural Yoghurt
Organic Yoghurt
Probiotic Yoghurt
Lactose-Free Yoghurt
Light Yoghurt



SÜT

Packaged Milk

Plain Milk
Organic Milk
Light Milk
Kids Follow on Milk
Denge Lactose-Free Milk
Protein Milk
Kido Flavored Milk
Multi Milk
Pınar Cafe Art
Pınar Tatlıların Sırrı

CHEESE

Modern Cheeses

Pınar White
Pınar White Extra Soft
Labneh
Sliced Toast and Burger Cheese
Açbitir Kashkaval Cheese
Açbitir Cheddar Cheese
Cream Cheese
Triangle Cheese

Traditional Cheeses

Fresh Kashkaval
Cottage Cheese
High-Protein Cottage Cheese
White-Brined Cheese
High-Protein White Cheese
Kahvaltı Keyfi Toast Cheese

AYRAN

KEFİR

Plain Kefir
Strawberry Kefir
Forest Fruit Kefir

BUTTER

CREAM

Pınar Cream
Special Pınar Cream for meals and sauces

FRUIT JUICE

Fruit Nectars

Peach Nectar
Apricot Nectar

100% Fruit Juices

100% Apple Juice

Fruit Drinks

Mediterranean Drink
Cherry Drink
Orange Drink
Çılgın 2'li



FLAVORING

Ketchup (Hot and Sweet)
Mayonnaise (Classic and Light)
Mustard (Classic, Honey, Sharp, Grainy)
Hot Sauce
Barbecue Sauce
Cream Chocolate Sauce

POWDER PRODUCTS

Whipped Cream

OUT OF HOME CONSUMPTION (OOH)

Milk

Milk (Fat, Half-Fat, Non-Fat)
Kutupak Milk (Fat and Half-Fat)
Latte Art Barista Milk (Full-Fat)
Barista Milk (Half-Fat)

Cheese

Labneh
Choco Labneh
Pinar White
Fresh Cheese
Sliced Toast Cheese
Kashkaval Cheese
Triangle Cheese
Sliced Burger Cheese
Full Fat White Cheese

Butter

Portion
Roll Butter (Block)

Jam and Honey

Portion Strawberry Jam
Porsiyon Vişne Reçeli
Portion Honey

Cream

UHT Cream
Sour Cream

Yoghurt

Natural Yoghurt
(Full-Fat and Half Fat)



Ayran

Cup Ayran

Milk Powder

Non-Fat Milk Powder
Full-Fat Milk Powder
Whey Powder

Sauce

Service Mayonnaise
Service Ketchup
Bucket Mayonnaise
Bucket Ketchup
Mayonnaise Bag
Ketchup Bag
Barbecue Sauce Bag
Barbecue Sauce Bucket
Hot Sauce Bag
Hot Sauce Bucket
Garlic Mayonnaise Bag
Garlic Mayonnaise Bucket
Mustard



300+
PRODUCTS



New Options for Everyone

Pinar Süt, which closely follows current trends through intensive consumer research and evaluations with its business partners, continued to introduce its consumers to innovatively developed new products. As a result of the joint efforts of the Marketing department, the R&D Center, and the Production department, Pinar Süt introduced 18 new products to the market in 2021.



Pinar Süt

Adding three new products to the Pinar Plain Milk portfolio, the Company's 2.5% fat plain milk, 1% fat plain milk, and 4% fat plain milk (Pinar Tatlılarımın Sırrı) products were appreciated for responding to diverse consumption needs. These include dessert recipes, pastries, and soups, as well as drinks.

Pinar Kido



The new members of the Kido family; Lactose- and sugar-free Pinar Kido, delicious Pinar Kido chocolate milk, and cotton candy flavored Pinar Kido, staked their place on the shelves.



Pinar Choco Labneh

Combining the delicious labneh that it invented with chocolate and hazelnut, Pinar introduced Pinar Choco Labneh to consumers. With its high calcium content, Pinar Choco Labneh, which contains no preservatives or trans-fats, contributes to children's development.



Pinar Süt, which closely follows the needs and trends of consumers, and research aimed at them, reaches target audiences with innovative products that add value to the industry and life.

Pinar Protein Cottage Cheese

The Company, which combines the taste of cottage cheese with high protein content, presented Pinar Protein Cottage Cheese to consumers. Consumers who give importance to nutrition and exercise were identified as the target audience of the product, which has a rich protein, low salt, and half-fat content.



Pinar White Extra Soft

Pinar White Extra Soft, with its soft consistency and easy-to-spread texture, was introduced to consumers.



Pinar Cup Kefir

Pinar Cup Kefir, a first in the kefir market, was introduced to consumers in November 2021. The product appeals to the palates of consumers who cannot drink kefir because they find its taste too strong, drawing attention for its affordable price and packaging that uses less plastic.



Pinar Denge Probiotic Yoghurt

Pinar Denge Probiotic Yoghurt was presented to consumers in September 2021. Containing at least 1 million beneficial bacteria per 1 gram, when consumed daily, the product helps support immunity and regulate the digestive system.





Focusing on the uninterrupted operation of all business processes in 2021 and amid the continued impacts of the pandemic, Pinar Süt continued to stand by its consumers with its products and services without compromising its high standards.

Pinar Süt Customers and Consumers

Considering consumers' health as its priority, Pinar Süt expanded its product portfolio in line with the changing healthy lifestyle trends of 2021, which passed in the shadow of the pandemic, revealing the importance of the "Good Life" approach. The Company continued to provide alternative solutions with new products and maintained its product-related communication and information activities. The Company expanded its value-added product line and introduced its products to consumers at various price points.

Pinar Süt continued to deliver rapid solutions, working with farmers, suppliers, business partners, and customers to mitigate the impacts of the disrupted supply chain due to the pandemic. The Company managed to remain with its consumers on the path to healthy and happy generations without sacrificing quality, nutrition, or taste.

MILK GROUP

PRODUCT	TURNOVER	MARKET SHARE	POSITION
Plain Milk	26.0%		Leader
Flavored Milk	17.6%		Leader
Light Milk	44.5%		Leader
Children's Milk	68.7%		Leader
Organic Milk	77.8%		Leader
Protein Milk	67.3%		Leader
Lactose-Free Milk	51.7%		Leader

CHEESE GROUP

PRODUCT	TURNOVER	MARKET SHARE	POSITION
Labneh	43.7%		Leader
Sliced Cheese	36.0%		Leader
Fresh Cheese	49.5%		Leader

(Nielsen, Market Excluding D. M., 2021)

VERSATILE COMMUNICATION MANAGEMENT

Pinar Süt not only touched the lives of its consumers with its products and social responsibility projects and through its communications. The Company continued to use current communication channels and communicate with its consumers at every point throughout the year.

Pınar Süt

The advertising campaign of Pınar Süt, which raises generations, entitled "I Grew Up with Pınar Which Leaves its Mark on the Glass," continued its TV broadcast in February-March 2021. The campaign was broadcast on radio, outdoor, digital and social media channels. In addition to supporting the development of children with two distinct consumer promotions, 10 professions were introduced to children with the "Explore Professions with Pınar" campaign, and fun coloring cards were gifted to children to support their learning. Cut-fold-paste models of 10 world heritage sites were distributed as gifts during the "Traveling the World with Pınar" campaign, contributing to children's motor skills development.

Communication continued throughout the year with posts shared on the social media accounts on instagram/pinarhepyanimda and facebook/pinarhepyanimda, with suggestions capable of adding value to consumers' lives.

Pınar Kid's Follow-on Milk

The "Full Support for the Development of Children" campaign for the Pınar Kid's Follow-on Milk continued to be broadcast on television. Digital and social media broadcasts also supported the campaign.

Pınar Kido

The Company prepared packaging designs for Pınar Kido varieties more appropriate for the younger and more engaged target audience. Pınar Kido appeared on the shelves with its brand new design in 2021. Its packaging featured the most popular emojis used by the target audience to communicate more directly with children.



Pınar Multi

The Company introduced its new product Pınar Multi, developed during the pandemic, when boosting immunity and being healthy and fit became more crucial than ever. The product communication focused on creating awareness and explaining its benefits began in January, accompanied by a popular song by Kenan Doğulu. In addition to the campaign released on TV, radio, and digital media with the slogan #TekBardaktaÇokFayda, communication efforts were carried out with Arda Türkmen and leading nutritionists of Turkey in digital format. In December, the new advertising film "You Are Ready for Every Day with Pınar Multi" was released on digital media.



Pınar Protein

Communication activities and new product innovations related to Pınar Protein, which brings healthy, delicious, and innovative products to the consumer by closely following consumer trends in Turkey and the wider world and industry innovations, continued in 2021.

In January, the commercial film with the slogan "#DONTSTOP

with Pınar Protein Coffee" was broadcast on TV and digital media. The campaign continued with intensive digital communication from June to August and was supported by social media and PR activities, influencer collaborations, and product placement.

A new member of the Pınar Protein Family, Pınar Protein Cottage Cheese, was introduced on digital platforms. Consumer interest in the product was increased through PR activities and kits sent to influencers.

Pınar Denge

The new commercial of the Pınar Denge Lactose-Free Family, which provides easy digestion for the lactose intolerant, was broadcast on TV and digital platforms in April-May. The advertising campaign was supported by social media and PR activities, influencer collaborations, and product placement throughout the year.

Pınar Beyaz

The communication works, which highlights Pınar Beyaz as a must-have for making a perfect San Sebastian Cheesecake, continued throughout the year.

Pınar Keyif Cheeses

Developed for consumers who want to add different cheese flavors to their kitchens, the Pınar Keyif Cheese series has expanded. Gouda and Aged Kashkaval, which were launched in October 2020 in addition to Cheddar, met with consumers at more sales points in 2021. Pınar Keyif Cheeses, presented to consumers with unique recipes on digital platforms, were introduced with the slogan "A new excitement with every slice." Pınar Keyif Cheeses continued to increase its sales with its expanding distribution volume.



Labneh

Pınar Labneh's advertising films featuring chef Danilo Zanna continued to be broadcast on TV and digital media. Unique recipes made by the chef from both Pınar and Danilo Zanna's accounts were shared on social media. On Instagram, "Can I Call You Chef?" and "Tips of Taste" social media recipe contests, the winners of which were selected by Danilo Zanna, attracted considerable consumer attention.

The kits containing the ingredients of the delicious Bruschetta recipe shared by Chef Danilo Zanna in the Pınar Labneh commercial were sent to influencers. To increase the awareness of the Choco Labneh product, Pınar celebrated the New Year with Choco Labneh kits sent to influencers.



Pınar Kefir

Communication works for Pınar Kefir, a product that stood out for its increased immune sensitivity, especially during the pandemic, were used on digital channels throughout the year. The commercial film was broadcast on TV in March and April.



Pınar Cream

In April and May, Pınar Cream was communicated on TV for the first time. The commercial's message was, "The chef is here; the assistant is Pınar Cream." The campaign was also supported on digital media. In December, Pınar Cream's communication was initiated on the Nefis Yemek Tarifleri platform frequently visited by consumers.

Pınar Sauce

Practical communication activities were carried out on Instagram, Facebook, and YouTube channels throughout 2021 with the slogan "Pınar Multiplies Flavor." Advertising films emphasized the absence of additives for mayonnaise, and the main message for ketchup was "1 kg of Pınar Ketchup contains 2 kg of tomatoes." Additionally, healthy and tasty recipes using Pınar products were shared throughout the year.

E-COMMERCE AND PINARONLINE

In line with today's world, where shopping from e-commerce sites has become part of our daily routine, the PınarOnline e-commerce platform was launched in 2021 to reveal the digital presence of the Pınar brand. In addition to existing Pınar products, products and services developed specifically for the PınarOnline platform contribute to Pınar's innovative vision and consumer-oriented brand identity. At Pınar Online, consumers enjoy a practical and advantageous shopping experience with Pınar Box, gourmet tastes exclusive to the online platform with Pınar Kasap, and delicious recipes with Pınar Chef.



The +4 ° / -18 ° product groups ordered on PınarOnline reach consumers by appointment delivery in selected districts of Istanbul, Izmir, and Ankara. In contrast, the product groups that do not require cold chain transportation are delivered throughout Turkey by cargo. The Company aims to expand the PınarOnline delivery network and actively operate in additional cities. Pınar aims to reach a wider audience with the PınarOnline platform, the product range of which it plans to expand in an innovative and trend-oriented manner based on consumer insights and behavior. The company aims to increase customer loyalty to the platform by expanding the Pınar Box category, which offers diversity concepts and advantageous prices. The Company aims to become a digital chef under the Pınar Chef concept, where consumers can shop and access various practical recipes, with a recipe concept in step with ever-changing trends. The sustainability approach, which is central to all business processes of the Pınar brand, is also reflected in the operations of PınarOnline. Offering environmentally friendly options at every step from packaging to logistics, PınarOnline aims to become a consumer-oriented and environmentally friendly brand with a 100% electric delivery network and a robust and technological infrastructure by 2025.

OUT-OF-HOME CONSUMPTION INITIATIVES

Pınar Süt, which serves a broad customer portfolio from hotels to restaurants, catering companies to schools on the Out-of-Home (OOH) consumption channel, continued to work on this channel throughout the year. Despite interruptions to the process due to the COVID-19 pandemic, Pınar Süt continued to support its customers with innovative and practical products and solutions that meet demand.

In 2021, temporary pauses were experienced in specific sub-sales channels of the OOH channel at different times of the year, which prompted a differentiation of promotional activities.

Pınar Süt continued its R&D studies to develop innovative and practical products that make life easier during this process. Additionally, in line with its product-oriented communication plans, the Company continued its product-brand communication and communication with chefs and head cooks, whom it identified as opinion leaders, on digital channels.

EFFECTIVE DISTRIBUTION AND STRONG SALES

Pınar Süt realizes 85% of its sales through Yaşar Birleşik Pazarlama (YBP), the Yaşar Group's sales, marketing and distribution company. YBP's significant sales and distribution power allows Pınar Süt to meet its consumers seamlessly.

YBP, which distributes over 500 products across 17 categories at three different air conditioning levels, continues its activities as one of Turkey's most significant sales and distribution companies with a fleet of over 1,200 distribution vehicles.

In addition to Pınar Süt, YBP, which delivers Pınar Et products and Nar'ca branded products in the freshest and healthiest form to consumers at over 155 thousand outlets nationwide, continues its activities with a commercial system built on efficiency, operational perfectionism, and customer satisfaction.

The Company constantly monitors its sales and distribution operations with its digital systems employing the latest technology. Meanwhile, it increases the sales skills of its business partners and its employees through special training programs.

Continuing to measure operational satisfaction with the 2021 Dealer Logistics Satisfaction Survey in which 100 dealers participated, YBP increased the satisfaction rate of the logistics



operations and service provided to 94 points out of 100.

PINAR COMMUNICATION CENTER

Consumers can reach the Pinar Communication Center (PCC) from anywhere in Turkey using the phone number **444 76 27** without dialing an area code. Calls received by the Pinar Communication Center with complaints, suggestions, information, criticism, and praise related to products and services are answered by PCC operators between 07.00 - 23.00. The requests and suggestions received by the Pinar Communication Center, which operates with the principle of "Our Consumers and Customers Come First," are carefully reviewed by the Company.

In addition to feedback recorded under the Law on Protection of Personal Data, necessary referrals are made to the relevant departments for unresolved complaints. The entire complaint management process is strictly followed from beginning to end.

The Pinar Communication Center can also be reached at the addresses twitter.com/InfoPinar and facebook.com/PinarİletişimMerkezi. The PCC also examines and resolves requests and suggestions received via social media with its official Twitter and Facebook accounts, providing the fastest

response to the consumer. According to 2021 data, the successful call reception rate of the PCC was 81.88%, and the customer satisfaction rate was 84.57% in 2021.

"Accessible Communication Line" from PCC

Pinar uses the free "Accessible Communication Line" application for visually and hearing-impaired individuals via PCC to provide a complete service to all its consumers. PCC provides services to visually and hearing-impaired individuals between 07.00 - 23.00 hours 7 days a week thanks to the application, which was implemented to facilitate the lives of these individuals in Turkey. Consumers can reach an operator using the phone number **444 76 27** of the Pinar Communication Center and the call service number reported to the Associations of the Visually Impaired in Turkey. Visually and hearing-impaired individuals can receive audio-visual support by showing products to the operator. In the same way, they can obtain information on products and product content, and find answers to questions that may have, such as the expiry date.





The Pinar Süt Family



Considering its employees as the architects of many firsts and achievements, Pinar Süt ensures the competence and retention of its workforce by implementing a human resources strategy that puts “People First.”

HUMAN RIGHTS AND EMPLOYEE RIGHTS

Pinar Süt, a member of the Yaşar Group, implements a human resources policy that employs an innovative, highly motivated, and high-performing, qualified workforce and increases its workforce's commitment through sustainability. In the Yaşar Group, every candidate is given equal opportunity without discrimination based on nationality, language, gender, age, marital status, etc.

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

In its human resources management, as in all its activities, Pinar Süt adopts an approach in line with universal values. Employees are given equal opportunities in all human resources processes such as recruitment, remuneration, performance evaluation, promotion, assignment, training, and development. Pinar Süt brings together educated and experienced people-oriented individuals who adopt knowledge sharing as a principle, value the spirit of unity, are open to scientific developments, and adopt a participatory

management and success-oriented work approach. The Company does this in light of the principle of “science, unity, success” to strengthen and develop its human resources according to the position’s knowledge, skills, and experience criteria.

While organizing various training activities to ensure employee satisfaction and loyalty, the Company supports employee participation in training activities to support their personal and professional development. The Company participates in projects that support the development of its employees at all levels, from new hires to senior management, through programs such as talent management, development, and mentoring provided within the Group.

As a member of the Yaşar Group, Pınar Süt pays maximum attention to corporate standards and practices related to human rights, equality, career development, and occupational health and safety. The Company’s Occupational Health and Safety Policy, shared with all employees, is based upon the philosophy that occupational health and safety can be ensured by physical protective equipment and by the personal and social activities and development of employees. The Company provides regular training to raise awareness and inform employees about occupational health and safety.

Pınar Süt organizes training programs to inform and raise awareness among its employees of the environmental, social, and governance criteria, and the Group’s vision of sustainability is shared with them.

A ‘People First’ Approach

Aware of the vital role human resources play in being one of Turkey’s most reliable and well-established brands, Pınar Süt actively employs modern human resources practices with its employees. The Company, which seeks to make employees feel like valued members of a large family, adopts the concept of “People First” in its human resources strategy.

BASIC HUMAN RESOURCES POLICY

- Personnel positions within the company are determined by business economy criteria.
- Internal and external training programs are implemented within the framework of the plan determined at all levels to ensure continuous personnel development.
- Equality of opportunity is observed among employees in promotions and appointments within the organization.
- By applying development plans, the career planning system provides the broadest possible opportunities for promotion to personnel of potential.
- The performance evaluation of personnel is based on their goals and competencies.
- Job descriptions and performance standards are documented for each position across the entire organization.
- Within the Occupational Health and Safety Regulation framework, legal measures are taken to prevent occupational risks, protect health and safety, and eliminate risk and accident factors.
- The Company’s management style is determined as being “to maintain our existence as a company that acts in

accordance with laws and ethical rules, adopting the total quality philosophy and participatory management style”.

- The company works on the principle of equal rights among its employees without discrimination based on language, race, color, gender, political and philosophical opinion, religion, sect, or similar factors. All necessary measures are taken to protect this fundamental constitutional right of employees.

HUMAN RESOURCES

In 2021 Pınar Süt implemented several initiatives, from special day events to training programs within the framework of human resources practices.

Carrying out various activities to increase employee loyalty and satisfaction, on March 8, International Women’s Day, the Company published a celebratory video on social media featuring photos of its female employees and prepared unique gifts.

The Company provided “Generations in Working Life Training” to its employees to establish effective and healthy communication in the workplace where different generations coexist. This initiative also helped to understand the needs of employees better, determine actions to be taken according to employee expectations, and ensure that employees at the executive level implement the process effectively.

In 2021, through Technical and Personal Development Training, 18,783 hours of training were given, with an average of 10.36 hours per employee.

In addition, in 2021, Pınar Süt ensured that zero waste and energy efficiency training was provided to all employees on environmental and energy issues, confirming the sustainability philosophy of the Yaşar Group to which it is affiliated.

With the Company’s average number of employees in 2021 at 1,162, the rate of female employees rose from 19.8% to 20.2%.

Pınar Süt, believing in the contribution of workplace harmony to broader social understanding, signed a Collective Bargaining Agreement with Tek-Gıda İş Union covering the period from January 1, 2020, to December 31, 2021.

HEALTH-FOCUSED PRACTICES AND TRAINING

With its fair human resources policy determined by Yaşar Group’s corporate culture, Pınar Süt continued to focus its human resources practices on employee and public health during the COVID-19 pandemic that affected the world and reshaped living standards. For this purpose;

- “COVID-19 Information” and “Hygiene Training” was given to all employees by workplace physicians.
- Employees were provided with masks and disinfectants throughout the year.
- By increasing the number of healthcare personnel within the company, arrangements were made to provide a 24/7 service.
- The seating arrangement in offices, dining halls, and lounges was rearranged.
- The health processes of employees were closely monitored.
- Uninterrupted information on COVID-19 was provided via digital platforms.



Pinar Süt, which uses natural resources in the most efficient way by investing for the environment and society, conducts all its activities within the framework of Yaşar Group's responsible approach towards its stakeholders and society.

Sustainability Approach

Yaşar Group's sustainability strategy aims to provide all stakeholders with a better life. Pınar Et conducts its activities according to commercial objectives determined with a science-based, quality-oriented business approach that meets social requirements. The resulting studies serve its Sustainable Development Goals. And within the scope of the strategy based on taking good care of society, the aim is to provide products and services reliably while protecting and developing an awareness of corporate citizenship. A quality management approach focused on "Our Consumers and Customers First" offers products and services per international quality standards.

In line with the Yaşar Group's Sustainability Policy, sustainability approach, and sustainability priorities, and by determining its strategies and objectives to also develop its sector Pınar Süt reflects the Group's understanding of "taking good care of all its stakeholders for a better life" in all its processes, from supply to sales.

Pınar Süt, which closely follows developments related to the climate crisis, considers the crisis a significant risk that has an economic, social, and environmental impact.

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

As a requirement of the Yaşar Group's holistic sustainability approach, the Company considers it a responsibility to spread

its sustainability understanding beyond its own corporate structure, operation, and products to the suppliers with which it interacts. This is done with the awareness of improving and developing the entire value chain from raw material supply to delivery to the consumer. The Company continues to take actions according to the targets set out rigorously for each area in its sustainability studies. It expands its field of influence by sharing these studies with its suppliers and including them in these studies. By adopting the policy of "managing the environmental, social and economic impacts of products and services throughout the life cycle and promoting good practices," the Company's supplier policy aims to develop and strengthen the solid bond established with the stakeholders on the supplier map.

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

Information on and the data of Pınar Süt are included in reports prepared in step with the essential criteria of the Global Reporting Initiative (GRI). Yaşar Holding has been sharing its sustainability performance with the public through the GRI since 2009, having signed the United Nations Global Compact (UNGC) in 2007. The Yaşar 2020 Sustainability Report, which also includes Pınar Süt's data, and all Sustainability and Global Compact Reports of the Yaşar Group, can be accessed on the Sustainability section of Yaşar Holding's website (www.yasar.com.tr).

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

Pınar Süt, a subsidiary of the Yaşar Group, also continues to carry out sustainability studies within the framework of priorities set in coordination with the Sustainability Committee. The latter is established with the participation of the Company's employees, the Climate Crisis Working Group, and the Gender Equality Working Group under the Committee. The Committee and the working groups work towards implementing strategies, achieving objectives, and disseminating the sustainability approach throughout the Group. The Pınar Süt Sustainability Committee, which is also responsible for executing Environmental Social Governance Policies, plays an active role in many studies throughout the year. The Company's Sustainability Committee Leaders monitor the performance indicators determined to achieve targets and work on coordinating the annual sustainability report.

While projects aimed at reducing the carbon and water footprint were underway during the year, reducing carbon emissions and water use in all areas is prioritized. For the near and long term, environmental sustainability targets are set to become carbon neutral by 2050. The primary sustainability strategies of Pınar Süt, which also cover these goals, are defined as "developing strategies to reduce the negative effects of climate change," "supporting the personal development of our children, with the guarantee of our future, in education, sports and arts," "educating and supporting our producers for the sustainability of our country's high-quality milk production," "producing high-quality and innovative products for the balanced and healthy nutrition of individuals and society as a whole," and "creating a working environment to support the personal development of employees and meet their changing expectations."



Having participated in the evaluations performed since 2016 within the scope of the Carbon Disclosure Project (CDP), which prepares a report by evaluating the statements of 13,000 companies worldwide on climate change, water, supply chain, and forests, Pınar Süt was included in the "Management" level in 2021, and receiving a grade B rating in the field of water safety and grade B- in the field of climate change.

SUSTAINABLE ENVIRONMENTAL APPROACH

The Yaşar Group pursues a sustainable environmental approach by prioritizing the climate crisis and gender equality. As a member of the Group, Pınar Süt also shapes its sustainability approach and environmental priorities within this framework.

Global climate change, drought, population growth, and a rapid decline in natural resources generate environmental problems and risks. The Yaşar Group's production principle that values the environment and nature while contributing to creating a better future than today applies strongly to all Pınar Süt operations. The Company considers "Water Management," "Energy and Climate Change," and "Waste Management" priority environmental areas. It regularly evaluates the environmental impact of all products and processes by adopting the ISO 14001 Environmental Management System to improve environmental performance. The Company sets improvement targets to this end.

As part of the carbon footprint calculations initiated at all Group companies by taking 2011 as the base year, Pınar Süt calculated and reported its "Corporate Carbon Footprint" in 2021. Pınar Süt continued to implement its efforts toward the Group's goal of reducing carbon emissions by 15%.

As part of Yaşar Group's Sustainability Strategy, the Company performs water footprint calculations and reports in pilot regions selected to monitor the consumption of natural resources and increase its environmental sensitivity. In line with this strategy, Pınar Süt carries out different studies at its factories to control water consumption in production processes.

Pınar Süt also participates in events organized to ensure that the awareness of sustainability in Group companies is established and disseminated among employees. The Pınar Süt family plays an active part in the "Yaşar Sustainability Competition," organized for the first time in 2016, the "Yaşar Sustainability Day," first held in 2018, and various projects and training programs implemented during the year

Environmental Policy

Pınar Süt, which produces using methods that do not harm the environment and human health and reduce resource



consumption, fully complies with all relevant laws and regulations on energy and occupational health and safety.

By adopting the principles of waste reduction, recycling, and reuse in all its business processes, the Company aims to raise the awareness level of its employees, customers, and suppliers within the scope of its environmental policy. While the Company plans to reduce its energy use with new investments, it continues to develop maintenance programs with the same vision.

By including its suppliers in its sustainability-based registration system, the Company can evaluate their environmental management systems and functioning, supporting them in making necessary improvements.

ENERGY MANAGEMENT AND GREENHOUSE GAS EMISSIONS

Continuing its energy efficiency efforts, Pinar Süt successfully passed the TS EN ISO 50001:2018 Energy Management System certification audit. The Company, which created environmental activity plans and programs at the beginning of 2021, continued to work on improvement efforts to reduce resource and energy consumption and include technologies within this scope in its business processes.

In line with "Responsible Consumption and Production" for sustainable development purposes, the Company implemented projects to reduce the carbon and water footprint of various categories during the year.

By reducing the weight of packages, the Company focused on using less plastic. It reduced the tonnage of packaging delivered to the market and carbon dioxide released to the environment.

WATER MANAGEMENT

As part of the ISO 14001 Environmental Management System, Pinar Süt aims to prevent pollution at the source and reduce water use by applying methods to minimize the use of natural resources. The Company conducts efficiency studies to control and reduce water consumption in all operational processes. Pinar Süt conducts water-saving studies to ensure its most efficient use. The Company sets targets per the regularly performed Water Footprint calculations. Pinar Süt was ranked among the most successful companies in Turkey in this field in 2020 and 2021, being awarded A- and B grades, respectively, within the scope of the Water Program of the voluntary Carbon Disclosure Project (CDP) initiative.

WASTE MANAGEMENT

Pinar Süt continued its solution-oriented activities throughout 2021 to identify and minimize possible factors that may

adversely impact the environment due to its production and material use.

The Company, which has an Industrial Waste Management Plan, enters its internal audit results into the online system developed by the Ministry of Environment and Urban Planning. In addition, all wastes generated due to production and material use are disposed of by working with companies licensed by the Ministry. And by working with licensed recycling companies for recyclable waste and being a responsible producer, Pinar Süt contributes to the circular economy. Organic and household waste is sent to landfills in cooperation with metropolitan municipalities.

Pinar Süt was awarded the "Zero Waste Certificate" for all its factories in 2021 due to its efforts towards the most efficient use of natural resources, minimizing waste generation, and recycling generated waste.

Pinar Süt maximizes the efficient use of natural resources and fully complies with environmental regulations. In cooperation with the Environmental Protection and Packaging Waste Recycling Foundation (ÇEVKO), the Company continues its activities regarding the collection, recycling, and recovery of packaging waste at the source.

In addition to the training provided to its employees to increase environmental awareness, the Company also organized training within the scope of the ISO 14001 Environmental Management System. The Company conducted annual Environmental Management System audits under the supervision of the Turkish Standards Institute (TSE).

Pinar Süt's Izmir, Eskişehir, and Şanlıurfa factories, which hold an Environmental Permit issued by the Ministry of Environment, Urban Planning and Climate Change, underwent regular inspections and audits carried out by authorized government agencies within the scope of compliance with environmental legislation.

The Company prepared a "Greenhouse Gas Monitoring Plan" within the Communiqué on Monitoring and Reporting of Greenhouse Gas Emissions framework to ensure compliance with legislation. It also completed the development of its Greenhouse Gas Inventory Management System software.

LOGISTICS OPERATIONS

Adopting the concept of "Green Logistics," Pinar Süt continues to improve its service quality by carrying out efficiency-oriented studies in logistics processes.

Within its vision of environmental sustainability, Pinar Süt continued its operations throughout the year with a logistics model based on more and faster transportation with less distance. The measurement of the service quality and performance of third-party service provider companies from which logistics services are procured was also regularly

reported monthly in 2021, in line with the Lean 6 Sigma philosophy.

In 2021, the Sigma performance level of all logistics service providers in the value chain was 3.55.

In the Dealer (Customer) Logistics Satisfaction Survey, in which approximately 100 dealers participated, Pınar Süt increased the satisfaction rate of logistics operations and service provided to 93% in 2021 due to this approach.

Among the international shipments of the food business line of Yaşar Group companies nationwide in 2021, the usage rate of RIG-type vehicles was 95% in durable shipments and 55% in refrigerated shipments.

Due to the reverse logistics process of Yaşar Group companies, the occupancy rate of vehicles assigned to return in 2021 operations was 98.4%.

Compliance with Euro 4 and Euro 5 norms was ensured to check the exhaust emissions of the fixed vehicle fleet shipped nationwide in 2021.

QUALITY-ORIENTED STUDIES

Visits and inspections for existing and potential suppliers continued uninterrupted in 2021. As a result of evaluations, procurement activities were improved with corrective actions.

Training on food safety, quality management systems, hygiene, and sanitation was organized for Company employees according to annual plans. All regulations directly related to food and indirectly related to the Company's field of activity were monitored, reviewed, reported, and notified. Periodic regulation agendas were shared with employees.

Certificates and Documents

Pınar Süt, which certifies operating per international standards, holds management system certificates in the fields of Quality, Environment, Food Safety, Energy Management, and Occupational Health and Safety.

- TS EN ISO 9001 Quality Management System Certificate
- TSE FSSC 22000 Food Safety System Certificate
- TS EN ISO 14001 Environmental Management System Certificate
- TS ISO 45001 Occupational Health and Safety Management

System Certificate

- 2012 TS EN ISO 50001 Energy Management System Certificate
- TSE Halal Certificate of Conformity
- TSE Covid-19 Safe Production Certificate
- TSE Product Certificate for UHT Milk and Butter
- Zero Waste Certificate

PRODUCTIVITY-ORIENTED STUDIES

Pınar Süt, which works based on maximum efficiency by prioritizing the efficient use of natural resources at its production facilities, continued the development of technological and operational processes throughout the year.

The Company carried out daily productivity measurements and analyses on all production lines. It continued to create action plans to eliminate those factors causing productivity losses and improve current values. The operational cost improvement system was recorded in a database. Productivity was increased with the improvements focusing on operational efficiency and digitalization. In this process, the efforts to invest in automation and advanced robotics technology were conducted uninterruptedly.

In line with its sustainability goals, the Company continued its efforts to keep occupational health and safety, service and product quality, natural resource use, productivity increase, and environmental awareness at peak levels. Having completed work at its production facilities within environmental responsibility, Pınar Süt received a Zero Waste Certificate.

Pınar Süt achieved significant improvements in cost reduction with the projects implemented using Operational Cost Improvement (OCI) models. With such models, the Company offers employees the opportunity to turn their ideas into projects to eliminate disruptions related to their own business. Accordingly, significant cost improvements were achieved with projects and solutions commissioned upon executive approval. The projects realized received encouragement.

COMPLIANCE WITH SUSTAINABLE DEVELOPMENT GOALS

	1 PEOPLE	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITY	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	14 LIFE BELOW WATER	15 LIFE ON LAND	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS
Pınar Süt		✓	✓	✓	✓		✓	✓	✓			✓	✓				





Believing that social development is only possible with educated and cultured generations who grow up with sports and are sensitive to the environment and society, Pinar carries out social responsibility projects to raise "Healthy and Happy Generations."

Corporate Social Responsibility

PINAR CHILDREN'S THEATER

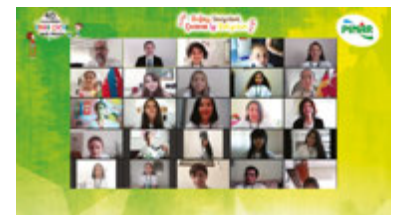
Aiming to contribute to children's cultural and personal development, Pinar Children's Theater has reached over three million children free of charge throughout Turkey since its establishment in 1987. Pinar Children's Theater also serves as an effective school introducing many famous actors to the art of theater.

Pinar Children's Theater met with children online at the Yaşar Group's internal theater event during the semester break with the play "Game Machine." The children watched the interactive play while conversing with the actors. The theater team toured during the summer, visiting six locations including Yenişehir, Bursa; Simav, Kütahya; Seferihisar, İzmir; Tire, İzmir; Bozdoğan, Aydın; and Çine, Aydın.



INTERNATIONAL PINAR CHILDREN'S PAINTING CONTEST

The International Pinar Children's Painting Competition, organized to increase the interest of primary school children in the art of painting and to discover future painters, was held for the 40th time in 2021. The competition's theme was 'I Love Nature, I Take Good Care of My Environment' through sustainability in the belief that future generations should be sensitive to the



environment and society. Twelve thousand nine hundred eight paintings were submitted to the competition from Germany, the TRNC, and Azerbaijan overseas, from across Turkey and from Special Education and Practice Schools, and the Group itself. Upon evaluation by the Selection Committee, 13 successful little painters in the competition were awarded tablets and professional painting materials. Two students received a one-year scholarship through the Yaşar Education and Culture Foundation. The competition results were announced at an award ceremony held online for the first time this year due to the pandemic. Twenty-six paintings selected in the competition and 112 paintings deemed worthy of being exhibited by the jury were presented to visitors at the "Virtual Exhibition," opened for access on Pınar's website at www.pinar.com.tr. The video of the exhibition was broadcast on the 'Her Şey Çocuklarımız İçin' YouTube Channel. In addition to the digital "Virtual Exhibition," the awarded works were also exhibited in shopping centers in Izmir and Istanbul with many visitors.

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

PINAR CHILDREN'S PAINTING WORKSHOP

Pınar Children's Painting Workshop migrated to the digital platform in 2021 due to pandemic conditions to unite children with art. A digital painting workshop was organized for children with painter Betül Güney in an internal event within the Yaşar Group.



KITCHEN WORKSHOP

During the semester break, a "Kitchen Workshop" was organized where children could develop their skills in the kitchen while participating in a fun activity with their families. At the event, which was held as an in-house online activity within the Yaşar Group, children prepared desserts with Pınar products accompanied by Chef Eyüp Kemal Sevinç.

SUPPORT FOR SPORTS

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

children engage in sports with its support for the youth academy, Pınar continues its works at different sports branches in addition to basketball.

Pınar KSK

Pınar, the main sponsor of the Karşıyaka Basketball Team for 23 years, contributes to the team by supplying drinks; this is in addition to its name sponsorship.



The Turkish Basketball Cup Championship, Turkish Basketball Presidential Cup Championship, and Turkish Basketball League championship are among the recent achievements of Pınar Karşıyaka. The team / Company supported these events to integrate society, young people, and children of Izmir through sports, making Izmir the city of basketball. In addition to these achievements, Pınar Karşıyaka successfully represented our country in international organizations such as the Turkish Airlines EuroLeague, 7DAYS EuroCup, FIBA Champions League, and FIBA Europe Cup continues to compete in Europe in the Basketball Champion's League in the 2021-2022 season.

Pınar Cup Tournament

The Pınar Cup Tournament, traditionally staged annually on behalf of Pınar Karşıyaka, was held on 17-18 September at the Izmir Mustafa Kemal Atatürk Karşıyaka Stadium. In addition to Pınar Karşıyaka; Beşiktaş Icrypex, Büyükçekmece Basketbol and Igokea BK from Bosnia and Herzegovina put up a fierce fight in the Pınar Cup. The Pınar Karşıyaka Basketball Team, which also opened the season with the Pınar Cup, was excited to meet its fans once again after a two-year absence.

PINAR INSTITUTE

Pınar Institute, which develops projects to raise public awareness about food, health and nutritional issues and create awareness of the quality of life, has been continuing its operations since 2013.



The Future of Our Milk Is in Safe Hands Project

With the "Future of Our Milk Is in Safe Hands" project initiated under the coordination of Pınar Institute in 2014, Pınar Süt provides training to producers on good practices in animal health and nutrition, increasing quality and productivity, and hygienic milking practices. The project implemented within the framework of the public-university-industry cooperation has so far reached more than 8,000 dairy farmers in 14 provinces.

In 2021, as part of cooperation with the Business Call to Action (BCTA) platform supported by the United Nations, the

project activities and results of the social impact research were associated with the UN Sustainable Development Goals (No Poverty, Zero Hunger, Quality Education, Gender Equality, Decent Work and Economic Growth, Responsible Consumption and Production) in 2021.

The “Future of Our Milk is in Safe Hands” initiative, prominent for the value it brings to women and gender equality, was awarded at the “Women-Friendly Brands Special Awards” ceremony, organized for the first time in 2021 by the Women-Friendly Brands Platform.

Mobile Application for Dairy Producers: “Dairy Specialist”

A mobile application called “Dairy Specialist” was developed under the coordination of the Pınar Institute to support dairy producers, increase their knowledge level, encourage correct husbandry practices and reach farmers not physically accessible by training. The goal of the application was to ensure that small-scale dairy producers implement the correct practices in animal husbandry, increase their income and thus their welfare, and improve their motivation to continue milk production. The application was planned to be available to all dairy producers in 2022.

Professional and Individual Capacity Building Program for Young Farmers

The United Nations declared 2019-2028 as the “Decade of Family Farming,” and a research study in Eskişehir and İzmir provinces within this framework was initiated in cooperation with the Development Studies and Application Center of Ankara University (AKÇAM). The results of the study, which will include both young farmers and female producers, are planned to be announced in 2022 at a workshop where the Ministry of Agriculture and Forestry, İzmir Provincial Directorate of Agriculture and Forestry, Eskişehir Provincial Directorate of Agriculture and Forestry, Chambers of Agriculture and Veterinary Medicine and FAO will be among the main stakeholders. To this end, new cooperation was initiated with the İzmir Provincial Directorate of Agriculture and Forestry under the coordination of the Pınar Institute.

Let's Move with Fun, Let's Eat Healthily

Within the scope of the “Let's Move with Fun, Let's Eat Healthily” project implemented in cooperation with the Ministry of National Education to inculcate nutrition awareness at an early age and raise healthy individuals, 475 teachers have been provided with training in 15 provinces since 2016, with 22,128 children reached.

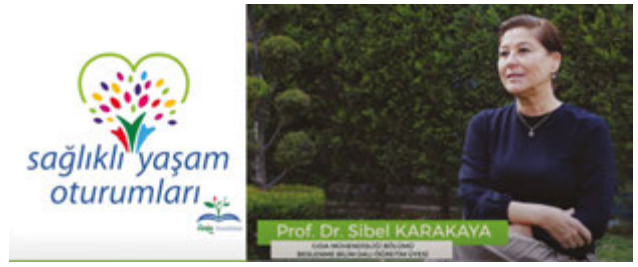
The cooperation protocol signed with the General Directorate of Basic Education of the Ministry of National Education was renewed. The project was expanded with the launch of training programs in Balıkesir and Çanakkale provinces in 2021.

New training materials were added to the project's training program. The new teacher's manual includes activities on balanced nutrition and meals, while story books address the importance of agriculture and sustainability.

The project is being implemented interactively with the feedback received from teachers through the Teacher Portal on the website.

Scientific Article Award

The “Pınar Institute Scientific Article Award” was organized



for the third time in 2021 with articles published in peer-reviewed journals on food technology, the nutrition-health relationship, and food safety. The articles selected based on the contribution to science, social benefit, feasibility criteria and successful studies were awarded upon evaluation.

Healthy Living Sessions

Held for the first time in 2018 to prevent information pollution related to food, health, and nutrition, the Healthy Living Sessions continued in 2021. The online seminar on “Children's Mental Well-Being: Hygiene, Motion and Coping with the Pandemic” was held via Zoom by Assoc. Prof. Sibel Sönmez, a faculty member at the Basic Education Department, Faculty of Education, at Ege University on 1 May 2021.

SPECIAL PUBLICATIONS

Pınar Newspaper

Addressing issues such as nutrition, milk and meat technologies, and livestock health, Pınar Newspaper is an essential source of reference for producers. The newspaper, which features content such as farm interviews and news from Pınar, is sent to Pınar's business partners. The latest issue of the quarterly Pınar Newspaper and the entire archive can be found at www.pinar.com.tr.

Benim Pınarım

Quarterly Benim Pınarım magazine is exclusive to Company employees. The magazine contains the company's news, up-to-date information on employees, internal announcements, and unique content.

Pınar'la Yaşam Social Media Accounts

Pınar provides valuable and up-to-date information to families through mother-child communication via its Twitter, Instagram, and Facebook accounts and YouTube channel, informing the youth on sports and environmental awareness issues. In this manner, Pınar, which also includes Social Responsibility and sustainability issues in its accounts, aims to bring together different target groups. It supports the artistic development of children by organizing children's workshops on its Instagram accounts.

SPONSORSHIPS

Pınar Süt also supports events that champion the development of gastronomy and culinary culture in Turkey.

Events Participated in 2021:

- National Agriculture Workshop / February 17-25
- Gulfood 2021 / February 21-25
- 3rd International Dairy and Husbandry Industry Conference / September 30
- Urla'da Doğaya Koş / June 21
- 7th Ayvalık Music Festival / August 10-19
- Anuga Fair / October 7-11
- 7th Sustainable Food Summit / October 19-20
- 5th Aegean Economic Forum / November 8-12

Awards

Pınar Süt, which stands out as the industry's 'most admired company' and the leader in its industry, was also awarded for its innovative R&D works and women-friendly approach.

“Turkey’s Most Admired Companies” Award

With the award it received in 2021, Pınar Süt, which maintains its leadership in the industry by consolidating its brand image and awareness, proved once again that it is the “Most Admired Company” in its field. The Company received this accolade in the “Milk and Dairy Products” category of the “Most Admired Companies in the Business World” survey conducted by Zenna Research and Consultancy under the leadership of Capital Magazine in 2021.

In the Top 100 in the List of “Turkey’s Top 250 Companies by R&D Spending”

Pınar ranked among the top 100 in the “R&D 250, Turkey’s Top 250 Companies by R&D Spending” survey conducted by Turkishtime Turkey (Economy and Business Culture Portal). According to the 2021 data of the Turkishtime Turkey R&D 250 survey, the Pınar Süt R&D Center ranked:

- 3rd among the top 10 companies with the highest R&D spend in the food industry,
- 65th in terms of the number of projects carried out at the R&D Center, and
- 17th in terms of the number of brands registered by the R&D Center.

“Women-Friendly Brand Award” for Pınar Süt

Pınar Süt received the Awareness Award at the Women-Friendly Brands Platform for the training provided to female producers as part of the “Future of Our Milk is in Safe Hands” project conducted by Pınar Institute since 2014.



Milestones

Industry Leader with Firsts

- 1973**
 - Producers were provided with training services on bovine care, feeding, precautions against diseases, and producing clean and high-quality milk before working with Pınar Süt.
 - Pınar Süt was established..
- 1975**
 - Turkey's first UHT milk and packaged dairy products were presented to consumers.
 - A dealership system was established to sell and distribute Pınar Süt products.
- 1976**
 - The first processed cheese and chocolate milk production started in Turkey.
- 1978**
 - Pınar Sliced Kashkaval and Pınar Cream Cheese were introduced to consumers.
- 1980**
 - Pınar Cheddar Cheese was produced.
- 1981**
 - The pioneering children's painting competition in Turkey, Pınar Children's Painting Competition, was organized for the first time.
- 1982**
 - Milk, cheese, butter, Yoghurt, and strawberry milk products were exported to Central Europe, TRNC, and the Middle East.
- 1983**
 - Pınar Yem was established to meet the high-quality feed requirement of producers.
 - In a first for Turkey, domestic mayonnaise was presented to consumers.
 - The production of the first pasteurized cheese (Pınar White) and whipped cream from powder products began.
 - Pınar Triangle Cheese was produced.
 - Yaşar Birleşik Pazarlama, Turkey's most significant sales, marketing, and distribution company, was established to sell and distribute Pınar branded products.
- 1984**
 - Export of Pınar Labneh to Kuwait began.
- 1985**
 - Pınar Labneh was presented to consumers for the first time in Turkey.
- 1987**
 - Pınar Children's Theater was established.
- 1990**
 - The first fruit juice production was carried out.
- 1991**
 - The first pasteurized milk was produced in Turkey.
- 1992**
 - Pınar Yoghurt won the TSE Golden Packaging Award for its application of the first foil cover in Turkey.
- 1993**
 - Pınar became the first company in the Turkish food industry to receive TS ISO 9002 Quality Assurance Certificate.
- 1994**
 - Pınar Süt won the TSE Golden Packaging Award with its 10-liter kutupak packaging.
 - The Company obtained TS ISO 9001 Certification, marking a first for the industry.
- 1995**
 - The production of long-lasting fruit Yoghurt and ready-made desserts began.
 - Light and extra-light Yoghurt and light triangle cheese were introduced to the market.

- 1997** • The Pinar Süt Eskişehir factory was opened.
- 1998** • 100% Pure Fruit Juice was released to the market.
 - The Company's official sponsorship of the Pinar Karşıyaka Basketball Team began.
- 1999** • Denge branded products (lactose-free milk, calcium, vitamin A, D, and E) were produced in Turkey for the first time.
- 2001** • The UHT milk aseptic bottle was produced for the first time.
- 2004** • TS 13001 HACCP Food Safety Management System Certificate was received.
- 2005** • Pinar Organic Milk, Turkey's first organic milk, was launched.
- 2008** • Lean 6 Sigma works were initiated as a first for the Turkish food industry.
 - Pinar Kid's Milk was launched.
- 2010** • Ballı Pinar Çocuk and Pinar Kahvaltı Keyfi White Cheese series were introduced to the market.
- 2011** • Gourmet Flavors Series Cheddar and Thyme-Olive Cream and Triangle Cheeses, and Pinar Organic Yoghurt were launched.
- 2012** • Pinar Proselytizing was established for the food away from home consumption channel.
- 2013** • TS 18001 Occupational Health and Safety Management System and TS EN ISO 50001
 - Energy Management System Certificates were obtained.
 - The Company started to export milk and dairy products to Europe.
 - Pinar Institute was established to raise social awareness on food, health, and nutrition.
- 2014** • Keyif cheeses and organic butter were launched.
- 2015** • The Pinar Süt Şanlıurfa Factory commenced operations.
 - Cottage Cheese was launched.
- 2016** • Pinar Go Cheese series and Pinar Aç-Bitir Sliced Cheeses were introduced to consumers.
- 2017** • The Pinar Protein product line was introduced to the market.
 - The Pinar Süt R&D Center was established.
- 2018** • Pinar Kefir was launched.
- 2019** • The Pinar Institute's "The Future of Our Milk Is in Safe Hands" project was included in the Impact Champions program by the United Nations Development Program (UNDP) Business Call to Action Platform.
- 2020** • Initial export to the People's Republic of China was completed.
 - Pinar Cafe Art series, Pinar Multi, Vitamin D Kido and Denge Vitamin D were introduced to the market.
- 2021** • Choco Labne, Pinar Protein Cottage Cheese, Pinar Beyaz Extra Soft, Pinar Denge Probiotic Yoghurt, and Pinar Bardak Kefir were introduced to the market

CORPORATE MANAGEMENT PRACTICES AND FINANCIAL INFORMATION

BOARD OF DIRECTORS

İdil Yiğitbaşı - Chairperson of the Board of Directors

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

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

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

Kemal Semerciler - Independent Board Member

Kemal Semerciler was born in 1958. He completed his higher education at the Faculty of Economics and Administrative Sciences, Uludağ University. Semerciler started his career as an assistant inspector at Yapı Kredi Bank in 1981 and worked as a manager in the Financial Control and Budget, General Accounting, and Financial Affairs departments from 1990 to 2003. He served as the Head of the Inspection Board from 2004 to 2006. From 2006 to 2008, he served as the Deputy General Manager in the Legislation Department. He worked as the General Manager Advisor at Yapı Kredi Bank between 2008-2009. During his tenure at Yapı Kredi Bank, he served as a Member of the Board of Directors and as an Auditor in many bank subsidiaries, and between March 2010 and March 2016, as a Board Member at Alternatifbank. Semerciler currently provides consultancy on corporate governance, project finance, and financial restructuring. He serves on the Boards of Directors of several companies within the Yaşar Group.

Metin Akman - Independent Board Member

Born in 1966 in Ankara, Metin Akman received his bachelor's degree from the Department of Business Administration of the Faculty of Economics and Administrative Sciences of METU in 1989 and a master's degree from the Department of International Economic Law of the Faculty of Law of Bilkent University in 2013. Akman started his professional career at Unilever in 1989 and then continued as an entrepreneur. As chairperson of the Board of Directors at Nutreco - Trouw Nutrition Turkey until 2019, Akman currently serves as chairperson of the board of Directors at Yuniko, a joint venture company with Anaco egg products, Atilen, and Schaffelaarbos based in the Netherlands. In addition, since 2019, Metin Akman has been a member of the Board of Trustees of Yaşar University and a member of the Board of Directors of Pınar Süt. He was elected as the chairperson of the Board of Directors at YÜSAD, established in 2020 to increase the global competitiveness and sustainability of the Turkish egg industry. Believing in the importance of social development, Metin Akman actively contributes to the works of non-governmental organizations and sectoral associations that represent unity, volunteering and solidarity, and business life. Metin Akman, a member of TÜSİAD, TÜYEKAD, Hacettepe Nazmi Hosal Education Foundation, YUMBİR, IEC, and SKD, was elected a Member of the Board of Directors of TÜSİAD in 2014, serving until 2019. He is a corporate member of the United Nations Global Compact, a company of Anaco Egg Products, of which he is the Chairman of the Board of Directors. Akman, who also actively takes part in international organizations, has been the President of Business at the OECD Agriculture and Food Commission since 2014.

YÖNETİM KURULU

Yeşim Güra - Independent Board Member

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

Cengiz Erol - Board Member

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

Yılmaz Gökoğlu - Board Member

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

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

RISK MANAGEMENT, INTERNAL CONTROL SYSTEM, AND INTERNAL AUDIT ACTIVITIES

RISK MANAGEMENT

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

At the Company, "Corporate Risk Management" has started to be implemented as a systematic process of defining, analyzing, controlling, and monitoring risks. This method can minimize the costs arising from unexpected adverse events and their effects on the asset values of our company.

The Company's Risk Management Policy

The Company Board of Directors adopts risk management strategies to minimize the effect and possibility of risks that may affect all Company stakeholders, primarily shareholders and ensures that the necessary actions are taken.

Workings of the Early Detection of Risks Committee

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

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

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

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

In this context, the risks that the Company is exposed to;

- The internal control mechanism comprises the standard definitions, policies and procedures, job descriptions, and authorization structures for business processes.
- Current controls for risks of great concern are reviewed in terms of their design and implementation, and the most appropriate strategies and actions are determined,

- Action implementation results are monitored; and,
- Results and possible developments are reported to and evaluated by the relevant units.

INTERNAL CONTROL MECHANISM AND INTERNAL AUDIT ACTIVITIES

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

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

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

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

LEGAL DISCLOSURES

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

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

Affiliated Company Report

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

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

Necessary explanations about the business transactions our Company has entered into with the related parties are included in this report herewith. In this report prepared by the Board of Directors of the Company, in all transactions carried out with the controlling shareholder of the Company and the subsidiaries of the controlling partner in 2021, an appropriate counter action in each transaction according to the state and conditions that are known to us at the time the transaction was made, or else the action was taken or avoided being taken. There are no measures taken or avoided being taken that may cause damage to the company, and there is no action or measure that requires offsetting within this framework.

Grants and Donations

The company can provide assistance and donations to foundations, associations, universities, and similar social organizations per the principles established by The Capital Market Board. In 2021, the Company made donations and financial assistance in the amount of TRY 404,737 to various institutions and organizations.

Information Regarding Lawsuits Filed Against the Company That May Affect its Financial Status and Activities, and the Possible Consequences of Such Lawsuits

Explanation on the subject is included in footnote 14 of our financial statements drawn for 01.01.2021 - 31.12.2021.

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

None.

Amendments to the Articles of Association Made During the Period

The amendment of Article 6 of the Company's Articles of Association, titled "Registered Capital," was approved by the letter of the Department of Corporate Finance of the Capital Markets Board dated 09.02.2021 and numbered E-29833736-110.04.04.1551 and the preliminary permit letter of the General Directorate of Domestic Trade of the Ministry of Trade and Commerce dated 17.02.2021 and numbered E-50035491-431.02-00061546729. The amendment was submitted for shareholder approval at the 2020 Ordinary General Assembly meeting of 25.03.2021, unanimously accepted and approved.

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

Financial benefits furnished to the Chairperson and Members of the Board of Directors are determined within the Remuneration Policy framework posted on our website. The total wages and payments provided to the senior executives amount to TRY 11,107,520.

Disclosures Regarding Independent and Public Audit During the Fiscal Period

Disclosures on the subject are included in footnote 14 of our financial statements drawn for 01.01.2021 - 31.12.2021.

Statement on Company Equity

As of 31 December 2021, it is seen that the equity level of TRY 1,950,852,884 and the issued capital of TRY 44,951,051 are excessively protected.

Voting Rights and Minority Interests

The following privileges are available in nominating candidates for the Board of Directors in Article 8 of the Company's Articles of Association:

"If the board of Directors consists of 5 people, three members of Group A, one member of Group B, and one member of Group C are selected, if it consists of 7 people, four members of Group A, two members of Group B, and one member of Group C are selected; if it consists of 9 people, five members of Group A, three members of Group B, and one member of Group C are selected from among the candidates to be presented by shareholders.

If the board of Directors decides, the Managing Member can be elected. However, the Chairperson of the Board of Directors and the Managing Director are determined from among the members representing Group A.

Regarding the exercise of voting rights, there are no provisions in the Company's articles of association that prevent a non-shareholder from voting by proxy as a representative. Each share has one voting right. Article 23 of the Company's articles of association, in which voting is regulated, is as follows:

"The votes to be used in the electronic General Assembly system are reserved, and the vote at the General Assembly meetings is held openly and by a raising of hands. However, it is necessary to apply secret voting upon the request of those who own one-tenth of the capital represented by the shareholders present at the meeting."

In terms of votes used by proxy, compliance is made with Capital Market Board regulations.

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

Working Principles of the Board of Directors

The working principles of the Board of Directors are regulated in Article 10 of the Company's Articles of Association. Accordingly:

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

Details regarding the working principles of the Board of Directors and the 2021 fiscal year are as follows:

The Board of Directors convened 41 times during the activity period. Usually, all members attend the meetings. Damages inflicted on the Company arising from the faults of members of the board of directors in the execution of their duties are insured to cover 25% of the capital.

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

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

company.

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

Mr. Kemal Semerciler is the Chairperson of the Audit Committee, and Mr. Metin Akman and Mrs. Yeşim Gura are the members of the Committee. All three members are non-executive, independent board members. Audit Committee meetings are held at least once every three months, at least four times a year. Within the scope of the committee's activities, information on the operations of the Company and internal control systems were obtained from the Company executives. In contrast, audit findings were collected from the independent auditors. The committee supervises the accounting system of the partnership, the disclosure of financial information to the public, and the functioning and efficiency of the independent audit and internal control system. In addition, it carries out the selection of the independent audit firm, the preparation of the independent audit contract and the initiation of the independent audit process, and the observance of the work of the independent audit firm. It informs the Board of Directors of the truthfulness and accuracy of the annual and interim financial statements to be disclosed to the public.

The Corporate Governance Committee's Chairperson is non-executive and independent board member Mr. Metin Akman. Committee Members are non-executive and independent board member Mr. Kemal Semerciler, non-executive board member Mr. Cengiz Erol, and the Director of the Investor Relations Department, Mrs. Cemre Ekici Bayram. Corporate Governance Committee meetings are held at least once every three months, at least four times a year. The Corporate Governance Committee determines whether the Corporate Governance Principles are applied in the Company, the reason if they are not implemented, and the conflicts of interest that arise due to not fully complying with these principles and recommends the Board of Directors to take remedial measures. The Corporate Governance Committee oversees the work of the Investor Relations Department.

Within the scope of the duties of the Nomination Committee, the Corporate Governance Committee works on establishing a transparent system to determine, evaluate, train, and reward candidates suitable for the Board of Directors, determining

HUKUKİ AÇIKLAMALAR

policies and strategies accordingly. In addition, the Committee evaluates the candidate proposals for independent membership, including the management and shareholders, by considering whether the candidate meets the independence criteria and submits its evaluation to the board of directors for approval.

The Corporate Governance Committee determines the recommendations of the members of the Board of directors and senior executives regarding the remuneration principles, considering the Company's long-term goals, within the scope of the Remuneration Committee's duties.

The Early Detection of Risks Committee is responsible for the early diagnosis of risks that may endanger the existence, development, and continuation of the Company, taking necessary precautions regarding the detected risks, and carrying out studies for the proper management of risks. The Committee Chairperson is non-executive and independent board member Mr. Kemal Semerciler. Committee Members are non-executive and independent board members Mr. Metin Akman and Mrs. Yeşim Güra and non-executive board member Mr. Cengiz Erol.

In the evaluation made by the Company's board of directors, all committees of the Company are established per the legislation. Activities are carried out effectively within the framework of the previously-established working principles

and published on our Company's website. At the same time, a sufficient number of meetings are held periodically during the year. As a result of these meetings,

the Audit Committee ensures the supervision of the Company's accounting system and financial information and the effectiveness of its disclosure to the public. The Committee regularly submits its findings, opinions, and suggestions on this matter to the Company's board of directors. It has been evaluated that the Early Risk Detection Committee reviewed the effectiveness of internal control and risk management processes and the structure of early warning systems and identified the risks thereof.

The Company's Strategic Objectives

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

Dividend Distribution Policy

The Profit Distribution Policy of Pınar Süt Mamulleri Sanayii A.Ş. for 2013 and subsequent years, prepared in line with the Capital Market Legislation, was submitted for the approval of the Ordinary General Assembly of 2013 and disclosed to the public. The said information available on the Company's corporate website (www.pinar.com.tr) can be accessed in Turkish and English on the investor relations page.

AGENDA

PINAR SÜT MAMULLERİ SANAYİİ A.Ş.

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

1. Opening and election of the Chairperson of the Meeting,
2. Authorizing the Meeting Chair to sign the General Assembly Meeting Minutes,
3. Reading, negotiating, and approving the 2021 Annual Report prepared by the Company's Board of Directors,
4. Reading and discussing the Independent Audit Report for the fiscal year 2021,
5. Reading, negotiating, and approving the Financial Statements for the fiscal year 2021,
6. Approving the Board of Directors Member elected in place of the vacant Board of Directors Member position,
7. Releasing the members of the Board of Directors from their duties for the company's activities in 2021,
8. Submitting the selection of the Independent Audit Firm made by the Board of Directors for the approval of the General Assembly per the Turkish Commercial Code and Capital Markets Board regulations,
9. Determining the number and terms of office of the members of the Board of Directors, electing according to the determined number of members, determining the non-affiliated board members,
10. Under Article 408 of the Turkish Commercial Code, determining the wages of the members of the Board of Directors and their rights such as per diem, bonuses, and premiums,
11. Per Article 12 of Corporate Governance Communiqué numbered II-17.1 of the Capital Markets Board, providing information to the shareholders about the income and benefits obtained by the guarantees, pledges, mortgages, and sureties given by our Company in favor of third parties,
12. Informing the shareholders about the donations made during the year and submitting the donation limit determined within the scope of the Capital Market Legislation for the approval of the General Assembly
13. Discussing and settling on the issue of year profit,
14. Allowing the Members of the Board of Directors to make transactions per Articles 395 and 396 of the Turkish Commercial Code,
15. Wishes and opinions, closing.

DECLARATION OF NON-AFFILIATION

As a non-affiliated candidate for the Board of Directors at PINAR SÜT MAMULLERİ SANAYİİ A.Ş (the "Company")

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

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

Best Regards,

Kemal SEMERCİLER



DECLARATION OF NON-AFFILIATION

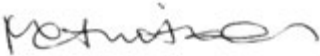
As a non-affiliated candidate for the Board of Directors at PINAR SÜT MAMULLERİ SANAYİİ A.Ş (the "Company")

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

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

Best Regards,

Metin AKMAN



DECLARATION OF NON-AFFILIATION

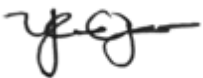
As a non-affiliated candidate for the Board of Directors at PINAR SÜT MAMULLERİ SANAYİİ A.Ş (the "Company")

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

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

Best Regards,

Yeşim GÜRA



DIVIDEND DISTRIBUTION PROPOSAL

At the Board of Directors Meeting of our Company on 11 March 2022,

Commercial Code, Capital Markets Legislation, Corporate Tax, Income Tax, and other legal regulations, the articles of our articles of association regarding profit distribution and our Dividend Distribution Policy; per financial tables audited independently and prepared per our company's Capital Markets Board II-14.1 Communiqué and based on Turkey's Accounting Standards, and the General Legal Reserve has not been allocated from TRY 117,343,109, being the net term profit of 2021 due to reaching the legal limit. Net distributable profit for the period has been calculated as TRY 117,343,109.

Over the calculated distributable profit, in line with CMB regulations, and by taking into account donations amounting to TRY 404,737, the distribution of the First Dividend to the Shareholders of TRY 23,549,569, corresponding to 20% of the distributable profit, to the allocation of the Board of Directors, not exceeding 5% in the articles of association, and over the remaining amount, the first dividend and the total net amount of our nominal issued capital (TRY 44,951,051) Distribution of Second Dividend to the Shareholders of TRY 32,639,245 (total net amount of the First and Second Dividend TRY 50,569,933), the allocation of the General Legal Reserve Fund of TRY 6,129,126 and the remainder it has been proposed that the issue of allocating the entire amount as Extraordinary Reserve Fund be submitted for the approval of the Ordinary General Assembly.

For each share traded on the stock exchange with a nominal value of TRY 1, a net cash dividend of TRY 1.1250 TL will be paid. We hereby submit for your information.

Respectfully yours,

PINAR SÜT MAMULLERİ SANAYİİ A.Ş.

PINAR SÜT MAMULLERİ SANAYİİ A.Ş.

2021 DIVIDEND DISTRIBUTION TABLE (TRY)

1.	Paid-in / Issued Capital		44,951,051
2.	General Legal Reserve Fund (According to Legal Records)		66,145,768
If there is a privilege in profit distribution per the articles of association, information on the said privilege			
		According to the CMB	According to Legal Records (LR)
3.	Term Profit	120,337,465	114.400.987
4.	Taxes (-)	[2,994,356]	[2.030.083]
5.	Net Profit for The Term (=)	117,343,109	112.370.904
6th	Previous Years' Losses (-)	0	0
7.	General Legal Reserve Fund (-)	0	0
8.	NET DISTRIBUTABLE PERIOD PROFIT (=)	117,343,109	112.370.904
9.	Donations Made During the Year (+)	404,737	
10.	Net Distributable Term Profit with Donations Added	117,747,846	
11.	First Dividend to Partners		
	- Cash	23,549,569	
	- Free of charge		
	- Total	23,549,569	
12.	Dividend Distributed to Privileged Shareholders		
13.	Other Dividend Distributed		
	- Members of the Board of Directors	4,680,000	
	- Employees		
	- Persons Other than Shareholders	2,670,000	
14.	Dividend Distributed to Dividend Right Certificate Holders		
15.	Second Dividend to Shareholders	32,639,245	
16.	General Legal Reserve Fund	6,129,126	
17.	Status Reserves		
18.	Special Reserves		
19.	EXTRAORDINARY RESERVE	47,675,169	42.702.964

TABLE OF DIVIDEND SHARE RATES

	GROUP	TOTAL DIVIDEND DISTRIBUTED		TOTAL DIVIDEND DISTRIBUTED / NET DISTRIBUTABLE PERIOD PROFIT	DIVIDEND FOR SHARE WITH TRY 1 NOMINAL VALUE	
		CASH (TRY)	BONUS SHARE (TRY)	RATE (%)	AMOUNT (TRY)	RATE (%)
NET	There is no privileged share group in the profit.	50,569,933		43.10%	1.1250	112.50
	TOTAL	50,569,933		43.10%	1.1250	112.50

STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES OF PINAR SÜT MAMULLERİ SANAYİİ A.Ş.

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

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

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

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

1.5.2 In line with general practices, rights have been granted to the minority within the provisions of general regulations. Within the context of our company's capital structure and free float ratio, the practice is expected to continue.

4.3.9 No policy has been established for the rate of female members on the Company's Board of directors, but there are currently three female members on our Board of directors.

4.4.7 The members of the board of directors of our Company are not restricted from taking on other duties outside the Company. All such duties are presented to the shareholders by inclusion in the annual report.

4.5.5 There are three independent members on the board of directors of our Company, and one member of the board of directors serves on more than one committee. The fact that the members of the Board of Directors serve on more than one committee increases the possibility of communication and cooperation between the committees.

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

4.6.5 In line with general practices, the remuneration of the members of the board of directors and managers with administrative responsibilities are disclosed collectively in the annual report.

The 2021 Corporate Governance Compliance Report (URF) and Corporate Governance Information Form (KYBF), prepared per CMBs Decision No. 2/49 dated 10.01.2019, are separately disclosed at the public and corporate website of the Public Disclosure Platform (www.kap.gov.tr). Related documents can also be accessed from our Company's corporate governance page on the Public Disclosure Platform website (<https://www.kap.org.tr/tr/sirket-bilgileri/ozet/1059-pinar-sut-mamulleri-sanayii-a-s>).

With the addition of the Sustainability Principles by the CMB with the Communiqué (II-17.1.a) and Amending the Corporate Governance Communiqué (II-17.1) on October 2, 2020, the Company considers the environmental impacts of its activities as part of its sustainability efforts. It includes sustainability principles when identifying its corporate governance strategy.

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

SUSTAINABILITY COMPLIANCE REPORTING

		COMPLIANCE STATUS			EXPLANATION	RELEVANT REPORTS AND PAGES
		YES	NO	PARTIALY		
A.	PRINCIPLES					
A.	General Principles					
A1.	Strategy, Policies, and Targets					
A1.1	The Board of Directors determines material ESG issues, risks, and opportunities and creates ESG policies accordingly. In terms of the effective implementation of these policies; internal directives, business procedures of Companies, etc., can be prepared. The Board of Directors takes decisions on these policies, and they are publicly disclosed.			✓	Our strategies and targets are determined within the framework of the Yaşar Group Sustainability Policy and Company policies. It is planned for the decisions of the Board of Directors regarding the policies to be completed in 2022.	Pınar Süt Website: https://www.pinar.com.tr/surdurulebilirlik/surdurulebilirlik/3383/3819/0
A1.2	It determines the company strategy according to ESG policies, risks, and opportunities. It determines short and long-term goals in line with the Company's strategy and ESG policies and makes them public.	✓			The 2020 Sustainability Report of Yaşar Holding covers the sustainability performance of 9 Group companies between 1 January 2020 and 31 December 2020. This report, which includes Pınar Süt, was prepared with the aim of sharing the approach, strategies, efforts, and performance in the field of sustainability and social contribution in 2020 with its stakeholders.	Yaşar Holding 2020 Sustainability Report, Page: 4 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf
A2	Implementation/Monitoring					
A2.1	It determines the committees/units responsible for executing ESG policies and makes them public. The responsible committee/unit reports the activities carried out within the scope of the policies to the Board of Directors at least once a year and, in any case, within the maximum periods determined for the public disclosure of the annual activity reports by the relevant regulations of the Board.	✓				Pınar Süt Annual Report 2021 Sustainability Approach Pages: 34-38 Yaşar Holding 2020 Sustainability Report Pages:36-37 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf
A2.2	It creates and publicly discloses implementation and action plans in line with the short and long-term goals determined.	✓				Yaşar Holding 2020 Sustainability Report, Pages: 216-217 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf
A2.3	It determines Key ESG Performance Indicators (KPIs) and explains them yearly. In the presence of verifiable data, it presents KPIs with local and international sector comparisons.			✓	Sustainability Committees work to increase sustainability awareness and spread good practices. At the same time, Sustainability Leaders in companies monitor the performance indicators identified to achieve the targets and present them to the Company management.	Yaşar Holding 2020 Sustainability Report, Page: 36-37 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf
A2.4	It explains the innovation activities that improve the sustainability performance of business processes.	✓				Pınar Süt 2021 Annual Report Sustainability Approach Page: 34-38
A3.	Reporting					
A3.1	It reports its sustainability performance, goals, and actions at least once a year and makes it public. It explains the information on sustainability activities within the scope of the annual report.	✓			The 2020 Sustainability Report of Yaşar Holding covers the sustainability performance of 9 Group companies between 1 January 2020 and 31 December 2020. This report, which includes Pınar Süt, was prepared with the aim of sharing the approach, strategies, efforts, and performance in the field of sustainability and social contribution in 2020 with its stakeholders. Additionally, the activities are explained in the Sustainability Approach Section of the Pınar Süt Annual Report.	Yaşar Holding 2020 Sustainability Report, Page: 6 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf Pınar Süt Annual Report 2021 Sustainability Approach Pages: 34-38
A3.2	It is essential to share information to understand the company's position, performance, and development directly and concisely. The Company can also, explain detailed information and data on the corporate website, and prepare separate reports that directly meet the needs of different stakeholders.	✓				Pınar Süt Investor Relations https://yatirim.pinar.com.tr/yatirim.aspx?dil=QkFpL2NvY3F1ODkwZVpkU250Yjh4dz09

		COMPLIANCE STATUS			EXPLANATION	RELEVANT REPORTS AND PAGES
		YES	NO	PARTIALY		
	PRINCIPLES					
A3.3	It takes maximum care in terms of transparency and reliability. It objectively explains all kinds of developments and material issues in disclosures and reporting within the scope of the balanced approach.	✓				Pınar Süt Information Policy: https://yatirim.pinar.com.tr/yatirim.aspx?id=dVIBSUNIR3FpNVJpK0IVM-3Mr-b3g2UmdvbJN0W04cFU2ek9TVW-dUR-WNsZz0%3d&dil=QkFpL2NvY3F1ODkwZ-Vp-kU250Yjh4dz09
A3.4	It gives information on which of the United Nations (UN) 2030 Sustainable Development Goals its activities concern.	✓				Yaşar Holding 2020 Sustainability Report, Pages: 24-25 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf Pınar Süt Annual Report 2021 Sustainability Approach Pages: 34-38 Corporate Social Responsibility Pages: 40-42
A3.5	It gives an explanation of the lawsuits filed and/or concluded regarding environmental, social, and corporate governance issues.			✓	Information on lawsuits filed against the Company that may impact its financial position is provided under the legal statements in the Annual Report. There are no statements related to ESG that do not affect the financial situation.	Pınar Süt 2021 Annual Report Legal Disclosures Pages: 50-52
A4.	Verification					
A4.1	If verified by independent third parties (independent sustainability assurance providers), it discloses its sustainability performance measurements to the public and endeavors to increase such verification processes.		✓		Although sustainability efforts and performance monitoring are carried out, independent third-party verification is not performed on the data.	
B.	Environmental Principles					
B1	It explains policies and practices, action plans, environmental management systems (known by the ISO 14001 standard), and programs in environmental management.	✓				Yaşar Holding 2020 Sustainability Report, Page: 196-201 Pınar Süt Annual Report 2021 Sustainability Approach Pages: 34-38
B2	It complies with environmental laws and other relevant regulations and explains them.	✓				Pınar Süt Annual Report 2021 Sustainability Approach Pages: 34-38 Quality-Oriented Studies Page: 38 Yaşar Holding 2020 Sustainability Report, Page: 228-229 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf
B3	It explains the limitations of the environmental report to be included in the report to be prepared within the scope of the Sustainability Principles, reporting period, reporting date, data collection process, and reporting conditions.	✓			Information and data on the Sustainability Principles of Pınar Süt are published in the Yaşar Holding Sustainability Report, which is prepared as a consolidated document. The Sustainability Report prepared annually includes data and information on the reporting period, reporting date, reporting standard, and reporting scope.	Yaşar Holding 2020 Sustainability Report, Page: 4 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf
B4	It describes the most directly responsible person, relevant committees, and responsibilities in the Company regarding issues of the environment and climate change.	✓				Pınar Süt Annual Report 2021 Sustainability Approach Pages: 34-38
B5	It describes the incentives offered to manage environmental issues, including the achievement of objectives.	✓				Pınar Süt Annual Report 2021 Sustainability Approach Pages: 34-38 Yaşar Holding 2020 Sustainability Report, Pages: 42-43 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf
B6	It explains how environmental problems are integrated into business goals and strategies.	✓				Pınar Süt Annual Report 2021 Sustainability Approach Pages: 34-38

SUSTAINABILITY COMPLIANCE REPORTING

	PRINCIPLES	COMPLIANCE STATUS			EXPLANATION	RELEVANT REPORTS AND PAGES
		YES	NO	PARTIALLY		
B7	It explains the sustainability performance of business processes or products and services and activities to improve this performance.	✓				Pınar Süt Annual Report 2021 Sustainability Approach Pages: 34-38 R&D Center's Works Page: 20-21 Yaşar Holding 2020 Sustainability Report, Pages: 216-217 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf
B8	It explains how it manages environmental issues along the Company's value chain and integrates suppliers and customers into its strategies beyond the scope of direct operations.	✓				Pınar Süt Annual Report 2021 Sustainability Approach Pages: 34-38 Strong Cooperation with Suppliers Page: 22-23 Pınar Süt Customers and Consumers Pages: 28-30
B9	Whether it is involved in policy-making processes on environmental issues (sectoral, regional, national, and international); it explains the cooperation made with the associations, related organizations, and non-governmental organizations it is a member of on the subject of the environment, the duties it has taken, if any, and the activities it supports.	✓				Pınar Süt Annual Report 2021 Sustainability Approach Pages: 34-38 Yaşar Holding 2020 Sustainability Report, Pages: 228-229 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf
B10	It reports information on its impacts in a periodically comparable manner within the scope of environmental indicators (Greenhouse gas emissions [Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect)], air quality, energy management, water and wastewater management, waste management, and biodiversity impacts).			✓	Pınar Süt's works related to reducing greenhouse gas emissions, water footprint calculations, energy efficiency, and waste management are included in the Yaşar Sustainability Report. Scope 1 and Scope 2 calculations are performed and Scope 3 calculation studies are ongoing.	Pınar Süt Annual Report 2021 Sustainability Approach Pages: 34-38 Yaşar Holding 2020 Sustainability Report, Pages: 200-201 / 216-217 / 228-229 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf
B11	It describes the standard, protocol, methodology, and base year details used to collect and calculate its data.	✓				Yaşar Holding 2020 Sustainability Report, Pages: 200-201 / 216-217 / 228-229 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf
B12	It describes the status of environmental indicators for the reporting year (increase or decrease) compared to previous years.	✓				Yaşar Holding 2020 Sustainability Report, Pages: 200-201 / 216-217 / 228-229 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf
B13	It sets short and long-term goals to reduce their environmental impact and explains these goals. It is recommended that these goals be determined based on Science as suggested by the United Nations Conference of the Parties on Climate Change. If there is progress in the reporting year according to the targets set before, it provides information on the subject.			✓	Pınar Süt sets pursues and explains its objectives to reduce environmental impacts. Science-based goal-setting activities are ongoing.	Yaşar Holding 2020 Sustainability Report, Page: 200-201 / 216-217 / 228-229 https://www.yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf
B14	Explains the strategy and actions to combat the climate crisis.	✓				Pınar Süt Annual Report 2021 Sustainability Approach Pages: 34-38 Yaşar Holding 2020 Sustainability Report, Pages: 216-217 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf
B15	It describes the program or procedures to prevent or minimize the potential negative impact of the products and/or services it offers and explains the actions of third parties to reduce greenhouse gas emissions.			✓	The consolidated Yaşar 2020 Sustainability Report explains the activities related to greenhouse gas emissions arising from the Company's operations and management of waste, water, and energy. However, there is no described action to reduce the greenhouse gas emissions of third parties.	Pınar Süt Annual Report 2021 Sustainability Approach Pages: 34-38 Yaşar Holding 2020 Sustainability Report, Pages: 216-217 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf

		COMPLIANCE STATUS			EXPLANATION	RELEVANT REPORTS AND PAGES
	PRINCIPLES	YES	NO	PARTIALY		
B16	It explains the actions taken to reduce its environmental impacts, the total number of projects and initiatives carried out, and the environmental benefits/revenues and cost savings they provide.			✓	The consolidated Yaşar Holding 2020 Sustainability Report explains the activities related to greenhouse gas emissions arising from the Company's operations and management of waste, water, and energy. However, detailed information on the total number of projects and initiatives carried out, and the environmental benefits/gains and cost savings provided are not disclosed.	Pinar Süt Annual Report 2021 Sustainability Approach Pages: 34-38 Yaşar Holding 2020 Sustainability Report, Page: 200-201 / 216-217 / 228-229 https://www.yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf
B17	It reports the total energy consumption data (excluding raw materials) and explains the energy consumption as Scope-1 and Scope-2.	✓				Yaşar Holding 2020 Sustainability Report Page: 216-217 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf
B18	It provides information on electricity, heat, steam, and cooling generated and consumed in the reporting year.	✓				Yaşar Holding 2020 Sustainability Report Page: 216-217 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf
B19	It conducts studies on increasing the use of renewable energy and transitioning to zero or low carbon electricity and explains these studies.		✓		Feasibility studies are ongoing within the scope of renewable energy.	
B20	It explains the renewable energy production and usage data.		✓		No renewable energy source was used within the relevant reporting period.	
B21	It realizes energy efficiency projects and explains the amount of energy consumption and emission reduction resulting from these studies.	✓				Pinar Süt Annual Report 2021 Sustainability Approach Page: 34-38 Yaşar Holding 2020 Sustainability Report Page: 200-201 / 216-217 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf
B22	It reports the amount of water withdrawn, used, recycled, and discharged from underground or above ground, its sources and procedures (total water withdrawal by source, water resources affected by water withdrawal, and percentage and total volume of recycled and reused water, etc.).	✓			Yaşar Holding's 2020 Sustainability Report, prepared as a consolidated document, includes the company's wastewater data and water efficiency data.	Yaşar Holding 2020 Sustainability Report Page: 200 - 201 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf
B23	It explains whether operations or activities are included in any carbon pricing system (Emission Trading System, Cap & Trade, or Carbon Tax).		✓		The Company is not included in the ETS and carbon pricing system.	
B24	Describes the carbon credit information accumulated or purchased during the reporting period.		✓		No carbon credit was used within the relevant reporting period.	
B25	Explains the details if carbon pricing is applied within the Company.		✓		Carbon pricing was not applied during the relevant reporting year.	
B26	It explains all mandatory and voluntary platforms where it discloses environmental information.	✓				Pinar Süt Annual Report 2021 Sustainability Approach Page: 34-38
C.	Social Principles					
C1.	Human Rights and Employee Rights					
C1.1	It forms a Human Rights and Employee Rights Policy with a commitment to fully complying with the Universal Declaration of Human Rights, ILO Conventions, which Turkey has confirmed, and the legal framework and regulations governing the operation of corporate life in Turkey. It discloses the policy in question and the roles and responsibilities associated with its implementation.	✓			The 2020 Sustainability Report of Yaşar Holding covers the sustainability performance of 9 Group companies between 1 January 2020 and 31 December 2020. The report, which includes Pinar Süt, provides the information in question.	Pinar Süt Annual Report 2021 Pinar Süt Family Page: 32-33
C1.2	It provides equal opportunity in recruitment processes. Considering the supply and value chain effects, it includes fair labor, improved labor standards, women's employment, and inclusion issues (such as women, men, religious belief, language, race, ethnic origin, age, disability, refugee, etc.) in its policies.	✓				Pinar Süt Annual Report 2021 Pinar Süt Family Page: 32-33 Pinar Süt Investor Relations Website, Yaşar Group Business Ethics Rules https://yatirim.pinar.com.tr/UserFiles/Yasar-ToplulugulsEtigiKurallari-2021.pdf

SUSTAINABILITY COMPLIANCE REPORTING

	PRINCIPLES	COMPLIANCE STATUS			EXPLANATION	RELEVANT REPORTS AND PAGES
		YES	NO	PARTIALY		
C1.3	It describes the measures taken along the value chain to protect groups sensitive to specific economic, environmental, and social factors (low-income groups, women, etc.) or minority rights/equality of opportunity.			✓	Supporting the empowerment of women in every sector in which it operates, the Yaşar Group signed the "UN CEO Statement of Support for the Women's Empowerment Principles" in 2012 and also participated in the "Equality at Work Platform" put forward by the World Economic Forum and maintained under the leadership of the Ministry of Family and Social Policies, and in the "Women's Empowerment Working Group" created by the Board of Global Compact Turkey. While Pinar Süt strives to have women occupy effective positions in new assignments within the Company, on the suppliers' side, it attaches importance to the training conducted for women manufacturers.	Yaşar Holding 2020 Sustainability Report Page: 74 -75 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf Pinar Süt Annual Report 2021 Awards Page: 43
C1.4	It reports developments regarding discrimination, inequality, human rights violations, forced labor, and corrective practices. It explains the regulations against child labor.	✓				Yaşar Holding 2020 Sustainability Report Page: 78 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf Pinar Süt Investor Relations Website, Yaşar Group Business Ethics Rules https://yatirim.pinar.com.tr/UserFiles/Yasar-ToplulugulsEtigiKurallari-2021.pdf
C1.5	It explains policies regarding investment in employees (training, development policies), compensation, vested benefits, right to unionize, work/life balance solutions, and talent management. It determines dispute resolution processes by creating employee complaints and dispute resolution mechanisms. It regularly explains the activities carried out to ensure employee satisfaction.	✓				Pinar Süt 2021 Annual Report Pinar Süt Family Page: 32-33 Sustainability Approach Page: 34-38 Yaşar Holding 2020 Sustainability Report Page: 72 - 83 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf
C1.6	It creates occupational health and safety policies and makes them public. It explains the precautions and accident statistics taken to prevent work accidents and safeguard health.	✓				Pinar Süt 2021 Annual Report Pinar Süt Family Page: 32-33 Yaşar Holding 2020 Sustainability Report Page: 99 / 250 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf
C1.7	It creates and publicly discloses personal data protection and data security policies.			✓	The "Personal Data Storage and Destruction Policy" that applies to all Yaşar Group Companies has not been publicly disclosed. The information text is available on the Company's website.	Pinar Süt Website https://www.pinar.com.tr/hakkimizda/detay/KVK/3589/4781/4793
C1.8	It creates an ethical policy (including work, work ethics, compliance processes, advertising and marketing ethics, available information, etc.) and makes it public.	✓				Yaşar Holding 2020 Sustainability Report Page: 48-49 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf Pinar Süt Investor Relations Website, Yaşar Group Business Ethics Rules https://yatirim.pinar.com.tr/UserFiles/Yasar-ToplulugulsEtigiKurallari-2021.pdf
C1.9	It explains the work within the scope of social investment, social responsibility, financial inclusion, and access to financing.			✓	Pinar Süt carries out its social responsibility activities under the umbrella of Pinar.	Yaşar Holding 2020 Sustainability Report Page:146-149 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf Pinar Süt 2021 Faaliyet Raporu Kurumsal Sosyal Sorumluluk Page: 40-42
C1.10	It organizes informational meetings and training programs for employees on ESG policies and practices.	✓				Pinar Süt 2021 Annual Report Pinar Süt Family Page: 32-33 Yaşar Holding 2020 Sustainability Report Page: 86 / 99-100 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf

		COMPLIANCE STATUS			EXPLANATION	RELEVANT REPORTS AND PAGES
	PRINCIPLES	YES	NO	PARTIALY		
C2.	Stakeholders, International Standards and Initiatives					
C2.1	It carries out its activities in sustainability by taking the needs and priorities of all stakeholders (employees, customers, suppliers and service providers, public institutions, shareholders, society and non-governmental organizations, etc.) into account.	✓			The Prioritization Matrix of the Yaşar Group includes Pinar Süt's stakeholders and was prepared by canvassing the opinions of the stakeholders.	Yaşar Holding 2020 Sustainability Report Page: 40-41 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf
C2.2	It formulates a customer satisfaction policy on managing and resolving customer complaints and discloses it to the public.	✓				Pinar Süt 2021 Annual Report Pinar Süt Customers and Consumers Page: 28-30 Yaşar Holding 2020 Sustainability Report Page: 139 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf
C2.3	It conducts continuous and transparent communication with stakeholders; it explains the purpose, subject, and frequency of communication with the stakeholders and the progress achieved in sustainability activities.	✓			At Pinar Süt, a member of the Yaşar Group, stakeholders are classified and communication frequency and dialogue platforms are determined according to this classification to manage the stakeholder dialogue process more proactively. The Company created a matrix including the contact persons, communication issues, and communication frequency with stakeholders but has not disclosed these to the public.	Yaşar Holding 2020 Sustainability Report Page: 52 -53 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf Pinar Süt Investor Relations Website Information Policy : https://yatirim.pinar.com.tr/Us-erFiles/PNSUT%20-%20B%C4%B0LG%C4%B0LEND%C4%B0RME%20POL%C4%B0T%C4%B0KASI%20-%20final.pdf
C2.4	It discloses the international reporting standards it has adopted (Carbon Disclosure Project (CDP), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), The Task Force on Climate-Related Financial Disclosures (TCFD), etc.) to the public.			✓	The Yaşar Holding Sustainability Report, which also includes information related to Pinar Süt, is prepared according to the basic level criteria of GRI. Also, the Company reports annually on CDP Climate Change and Water Management.	Yaşar Holding 2020 Sustainability Report Page: 252-260 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf
C2.5	As a signatory or member, it discloses the international organizations or principles (Equator Principles, United Nations Environment Programme - Finance Initiative (UNEP-FI), United Nations Global Compact (UNGC) Principles, United Nations Principles for Responsible Investment (UNPRI), etc.), and the international principles it has adopted (International Capital Market Association (ICMA) Green/Sustainable Bond Principles) to the public.	✓			Having become a signatory of the United Nations (UN) Global Compact (GC) on 12 November 2007, the Yaşar Group, of which Dyo Boya is a member, has declared its commitment to working in line with global objectives to ensure women's participation in business life, improvement of working conditions of women, and empowerment of women in business life by signing the UN CEO Statement of Support for the Women's Empowerment Principles in 2012.	Yaşar Holding 2020 Sustainability Report Page: 4-5 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf
C2.6	It makes substantial efforts to be included in the Borsa İstanbul Sustainability Index and international sustainability indexes (Dow Jones Sustainability Index, FTSE4Good, MSCI ESG Indexes, etc.)		✓		Since our Company's shares included in Borsa İstanbul's Sustainability Index are not among the companies listed on the Star Market during the relevant reporting period, no current study is being conducted.	
D.	Corporate Governance Principles					
D1	It makes the maximum effort to comply with all Corporate Governance principles and the mandatory Corporate Governance principles within the scope of the Capital Markets Board Communiqué on Corporate Governance, numbered II-17.1.	✓				Pinar Süt 2021 Annual Report Statement of Compliance with Corporate Governance Principles, Page: 58
D2	It takes the sustainability issue, the environmental impacts of its activities, and the relevant principles into account in determining its corporate governance strategy.	✓				Pinar Süt 2021 Annual Report Statement of Compliance with Corporate Governance Principles, Page: 58
D3	As stated in the Corporate Governance Principles, it takes the necessary measures to comply with principles regarding stakeholders and to strengthen communication with them. The Company also seeks the stakeholders' views when determining the measures and strategies in the field of sustainability.	✓				Pinar Süt Website: https://www.pinar.com.tr/hakkimizda/detay/Bize-Ulasin/22/5189/0 Pinar Süt Investor Relations Website https://yatirim.pinar.com.tr/yatirim.aspx?dil=QkFpL2NvY3F1ODkwZVpkU250Yjh4dz09 Pinar Süt 2021 Annual Report Pinar Süt Müşterileri ve Tüketicileri Page: 28-30

SUSTAINABILITY COMPLIANCE REPORTING

	PRINCIPLES	COMPLIANCE STATUS			EXPLANATION	RELEVANT REPORTS AND PAGES
		YES	NO	PARTIALY		
D4	Works on raising awareness on the issue of sustainability and its importance through social responsibility projects, awareness activities, and training programs.	✓				Pınar Süt 2021 Annual Report, Corporate Social Responsibility, Pages: 40-42
D5	Strives to become a member of the international standards and initiatives on sustainability and contribute to activities.			✓	The Yaşar Group, the parent company of Pınar Süt, which prepares sustainability reports per the "Basic" option of the Global Reporting Initiative (GRI) Standards, signed the United Nations Global Compact (UNGC) on 12 November 2007. Compliance of the Group's Sustainability Report with the UNGC principles is shown in the UNGC Principles Index Table.	Yaşar Holding 2020 Sustainability Report Page:54-57 https://www.pinar.com.tr/images/pdf/Yasar_2020_Surdurulebilirlik_Raporu.pdf
D6	Discloses the policies and programs regarding the fight against bribery and corruption and the principle of tax integrity.	✓				Pınar Süt Investor Relations Website, Yaşar Group Business Ethics Rules https://yatirim.pinar.com.tr/UserFiles/Yasar-ToplulugulsEtigiKurallari-2021.pdf

STATEMENT OF RESPONSIBILITY

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

We hereby declare per CMB regulations that; the financial position statement, including footnotes, comprehensive income statement, cash flow statement, and equity change statement, as well as the board of directors activity report arranged by our Company and approved by the Board of Director's decision dated 01.03.2022 and numbered 2022/14 of the independently audited Pınar Süt Mamulleri Sanayii A.Ş. for the accounting period 01.01.2021 - 31.12.2021, and prepared per the Turkish Accounting Standards/Turkish Financial Reporting Standards (TMS/TFRS) and the formats determined by the CMB;

1. Were examined by our Company,

2. Within the framework of the information that we have in our field of duty and the responsibility of our company, they do not contain any false statements on essential matters or any deficiencies which may be consequentially misleading as of the date of disclosure,

3. Within the framework of the information that we have in our field of duty and responsibility of our company, our financial statements prepared per the Communiqué honestly reflect the truth about the assets, liabilities, financial situation and profit and loss of the enterprise, and that our annual report honestly reflects the development and performance of the business and the financial situation of the enterprise, together with the significant risks and uncertainties faced,

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

Respectfully yours,
PINAR SÜT MAMULLERİ SANAYİİ A.Ş.

Kemal SEMERCİLER
Head of the Audit Committee

Metin AKMAN
Member of the Audit Committee

Yeşim GÜRA
Member of the Audit Committee

Gürkan HEKİMOĞLU
General Manager



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

To the General Assembly of Pınar Süt Mamülleri Sanayii A.Ş.

1. Opinion

We have audited the annual report of Pınar Süt Mamülleri Sanayii A.Ş. (the "Company") for the 1 January - 31 December 2021 period.

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

2. Basis for Opinion

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

3. Our Audit Opinion on the Full Set Financial Statements

We expressed an unqualified opinion in the auditor's report dated 1 March 2022 on the full set financial statements for the 1 January - 31 December 2021 period.

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

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

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

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

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

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

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

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

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

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

Serdar İnanç, SMMM
Partner

Istanbul, 1 March 2022

PINAR SÜT MAMULLERİ SANAYİİ A.Ş.

FINANCIAL STATEMENTS

AT 1 JANUARY - 31 DECEMBER 2021

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

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



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

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Pınar Süt Mamülleri Sanayii A.Ş.

A. Audit of the financial statements

1. Our opinion

We have audited the accompanying financial statements of Pınar Süt Mamülleri Sanayii A.Ş. (the "Company") which comprise the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and notes to the financial statements comprising a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

2. Basis for opinion

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

3. Key audit matters

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



Key Audit Matter

How the key audit matter was addressed in the audit

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

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

As explained in Note 10 of the accompanying financial statements, as a result of the valuations performed by an independent professional valuation firm appointed by the Company management as of 31 December 2021, the total fair value increase in the carrying values of land, land improvements, buildings and machinery and equipment before tax amounted to 894,5 million TRY and as of 31 December 2021, the total carrying value of these assets was 1.589,5 million TRY.

The aforementioned fair value increase was accounted in "Increase on Revaluation of Property, Plant and Equipment" line under shareholders' equity in the accompanying statement of financial position, net of deferred tax effect.

As of 31 December 2021, the total value of land, land improvements, buildings and machinery and equipment have a significant share in the Company's assets, and the valuation techniques applied, such as market reference method, construction costs per m2, condition and location of the relevant assets. Consequently, the fair value determination of land, land improvements, buildings and machinery and equipment were considered as a key audit matter by us, as they contain significant estimates and assumptions.

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

- The competence, adequacy and independence of the independent professional valuation firm appointed by the company management was evaluated in accordance with the relevant auditing standards.
- The consistency of the data used by the independent professional valuation firm appointed by the Company management was checked with the Company's records on sampling basis.
- In order to evaluate the assumptions and methods used by the Company management and the independent professional valuation firm appointed by the Company management, an external expert was included in our audit to examine the valuation reports selected on a sampling basis in accordance with the provisions of "ISA 620: Use of Work of Expert" standard.
- The compliance of the disclosures of fair value determination of land, land improvements, buildings and machinery and equipment in the financial statements in accordance with the relevant financial reporting standards were evaluated.



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

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

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

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

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

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

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

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



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

- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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



B. Other responsibilities arising from regulatory requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2021 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 1 March 2022.

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

Serdar İnanc, SMMM
Partner

Istanbul, 1 March 2022

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PINAR SÜT MAMULLERİ SANAYİİ A.Ş.**STATEMENTS OF FINANCIAL POSITIONS (BALANCE SHEETS)****AT 31 DECEMBER 2021 AND 2020**

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

	Notes	31 December 2021	31 December 2020
CURRENT ASSETS			
Cash and Cash Equivalents	4	40,250,262	361,785
Trade Receivables		789,743,400	493,730,536
- Trade Receivables from Related Parties	5	781,316,456	489,417,806
- Trade Receivables from Third Parties		8,426,944	4,312,730
Other Receivables		26,530,857	11,979,650
- Other Receivables from Related Parties	5	23,377,115	10,396,180
- Other Receivables from Third Parties		3,153,742	1,583,470
Inventories	8	329,959,713	216,830,873
Prepaid Expenses	9	4,366,589	2,847,042
- Prepaid Expenses to Third Parties		4,366,589	2,847,042
Other Current Assets	18	56,933,844	40,487,046
- Other Current Assets from Third Parties		56,933,844	40,487,046
TOTAL CURRENT ASSETS		1,247,784,665	766,236,932
NON-CURRENT ASSETS			
Other Receivables		10,386,332	18,575,859
- Other Receivables from Related Parties	5	10,312,500	18,562,500
- Other Receivables from Third Parties		73,832	13,359
Financial Investments	27	176,161,024	187,912,982
Investments in Associates Accounted for Using Equity Method	3	281,121,314	182,937,923
Property, Plant and Equipment	10.a	1,641,563,244	748,597,403
- Land		403,737,267	183,225,000
- Land Improvements		32,030,382	14,045,311
- Buildings		213,023,937	100,332,512
- Machinery, Plant and Equipment		940,737,758	426,957,150
- Vehicles		461,366	623,151
- Furniture and Fixtures		13,704,848	13,072,293
- Construction in Progress		37,867,686	10,341,986
Right of Use Assets	10.b	17,377,860	3,036,776
Intangible Assets	11	12,567,202	8,825,241
- Other Intangible Assets		12,567,202	8,825,241
Prepaid Expenses	9	362,101	3,092,444
- Prepaid Expenses to Third Parties		362,101	3,092,444
TOTAL NON-CURRENTS ASSETS		2,139,539,077	1,152,978,628
TOTAL ASSETS		3,387,323,742	1,919,215,560

The financial statements at 31 December 2021 and for the year then ended have been approved for issue by Board of Directors of Pinar Süt Mamülleri Sanayii A.Ş. on 1 March 2022. General Assembly and specified regulatory bodies have the right to make amendments after statutory financial statements issued.

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

PINAR SÜT MAMULLERİ SANAYİİ A.Ş.

STATEMENTS OF FINANCIAL POSITIONS (BALANCE SHEETS)

AT 31 DECEMBER 2021 AND 2020

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

	Notes	31 December 2021	31 December 2020
CURRENT LIABILITIES			
Short-Term Borrowings	13	385,642,814	185,661,284
- Short-Term Borrowings From Third Parties		385,642,814	185,661,284
- Bank Borrowings		385,642,814	185,661,284
Short-Term Portion of Long-Term Borrowings	13	52,760,738	44,173,385
- Short-Term Portion of Long-Term Borrowings From Third Parties		52,760,738	44,173,385
- Bank Borrowings		46,102,447	42,666,926
- Borrowings From Lease Liabilities		6,658,291	1,506,459
Other Financial Liabilities		1,056,051	46,394
- Other Miscellaneous Financial Liabilities		1,056,051	46,394
Trade Payables		660,156,982	441,564,165
- Trade Payables to Related Parties	5	51,891,507	56,797,551
- Trade Payables to Third Parties	6	608,265,475	384,766,614
Payables Related to Employee Benefits	16	4,660,960	3,875,430
Other Payables		9,049,038	18,425,450
- Other Payables to Related Parties	5	1,831,338	6,125,164
- Other Payables to Third Parties	7	7,217,700	12,300,286
Deferred Income		61,694	23,140
- Deferred Income From Third Parties	9	61,694	23,140
Current Tax Liabilities	25	1,010,455	134,497
Short-Term Provisions		1,135,427	1,047,758
- Short-Term Provisions for Employee Benefits	16	1,135,427	1,047,758
Other Current Liabilities	18	36,885	45,825
- Other Current Liabilities to Third Parties		36,885	45,825
TOTAL CURRENT LIABILITIES		1,115,571,044	694,997,328
NON-CURRENT LIABILITIES			
Long-Term Borrowings	13	72,893,749	78,891,714
- Long-Term Borrowings From Third Parties		72,893,749	78,891,714
- Bank Borrowings		60,790,662	77,400,855
- Borrowings From Lease Liabilities		12,103,087	1,490,859
Trade Payables		10,429,300	18,485,589
- Trade Payables to Third Parties	6	10,429,300	18,485,589
Long-Term Provisions		52,368,021	36,169,930
- Long-Term Provisions for Employee Termination Benefits	16	52,368,021	36,169,930
Deferred Tax Liabilities	25	185,208,744	29,057,195
TOTAL NON-CURRENT LIABILITIES		320,899,814	162,604,428
TOTAL LIABILITIES		1,436,470,858	857,601,756

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

PINAR SÜT MAMULLERİ SANAYİİ A.Ş.**STATEMENTS OF FINANCIAL POSITIONS (BALANCE SHEETS)****AT 31 DECEMBER 2021 AND 2020**

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

	Notes	31 December 2021	31 December 2020
EQUITY			
Equity Attributable to Owners of the Parent Company		1,950,852,884	1,061,613,804
Share Capital	19	44,951,051	44,951,051
Adjustment to Share Capital	19	16,513,550	16,513,550
Other Comprehensive Income/ (Expense) not to be Reclassified to Profit or Loss		1,321,081,846	559,683,646
- Gain/(Loss) on Revaluation and Remeasurement		1,034,751,841	317,157,291
- Increase/(Decrease) on Revaluation of Property, Plant and Equipment	10	1,057,648,792	336,915,821
- Actuarial Gain/(Loss) Arising from Defined Benefit Plans		(22,896,951)	(19,758,530)
- Share of Other Comprehensive Income of Investment-in-Associates Accounted for Using Equity Method that will not be Reclassified to Profit or Loss		148,129,262	89,079,638
- Fair Value Gain of Financial Assets Measured through Other Comprehensive Income	27	138,200,743	153,446,717
Other Comprehensive Income/(Expense) to be Reclassified to Profit or Loss		31,164,054	15,102,327
- Share of Other Comprehensive Income of Investment-in-Associates Accounted for Using Equity Method that will be Reclassified to Profit or Loss		31,164,054	15,102,327
Other Profit or Loss		(884,162)	(1,326,243)
Restricted Reserves		66,621,303	64,510,334
- Legal Reserves	19	66,621,303	64,510,334
Retained Earnings		354,062,133	321,991,686
Net Profit for the Year		117,343,109	40,187,453
TOTAL EQUITY		1,950,852,884	1,061,613,804
TOTAL LIABILITIES AND EQUITY		3,387,323,742	1,919,215,560

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

PINAR SÜT MAMULLERİ SANAYİİ A.Ş.
STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME
FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2021 AND 2020

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

	Notes	1 January - 31 December 2021	1 January - 31 December 2020
PROFIT OR LOSS			
Revenue	20	2,681,942,094	2,028,470,217
Cost of Sales	20	(2,333,826,475)	(1,766,359,332)
Gross Profit from Trading Operations		348,115,619	262,110,885
GROSS PROFIT	20	348,115,619	262,110,885
General Administrative Expenses	21	(66,123,791)	(55,110,768)
Marketing Expenses	21	(165,782,397)	(136,957,881)
Research and Development Expenses	21	(17,853,795)	(16,119,006)
Other Income from Operating Activities	22	151,248,078	32,994,068
Other Expense from Operating Activities	22	(34,834,452)	(26,826,252)
OPERATING PROFIT		214,769,262	60,091,046
Income From Investing Activities	23	14,097,748	9,366,603
Expense From Investing Activities	23	(3,806,707)	-
Share of Results of Investment-in-Associates	3	32,456,654	15,746,034
OPERATING PROFIT BEFORE FINANCIAL INCOME/ (EXPENSE)		257,516,957	85,203,683
Financial Income	24	5,086,425	13,893,115
Financial Expenses	24	(142,265,917)	(69,457,325)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	120,337,465	29,639,473	
Tax (Expense)/ Income from Continuing Operations		(2,994,356)	10,547,980
- Current Tax Expense	25	(2,030,083)	(606,104)
- Deferred Tax (Expense)/ Income	25	(964,273)	11,154,084
PROFIT FOR THE YEAR CONTINUING OPERATIONS		117,343,109	40,187,453
PROFIT FOR THE YEAR		117,343,109	40,187,453
Earnings Per Share		2,6105	0,8940
- Earnings per Kr1 number of 100 shares from continuing operations	26	2,6105	0,8940

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

PINAR SÜT MAMULLERİ SANAYİİ A.Ş.**STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME
FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2021 AND 2020**

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

	Notes	1 January - 31 December 2021	1 January - 31 December 2020
OTHER COMPREHENSIVE INCOME			
Items not to be Reclassified to Profit or Loss		778,749,401	136,210,563
Increase in Revaluation of Property, Plant and Equipment	10	894,580,713	-
Fair Value Loss Of Financial Assets Measured Through Other Comprehensive Income	27	(16,139,009)	102,075,868
Share of Other Comprehensive Income of Associates Accounted for Using Equity Method that will not be Reclassified to Profit or Loss		59,417,999	45,310,086
- Losses on Remeasurements of Defined Benefit Plans of Associates Accounted for Using Equity Method	3	(481,403)	(1,304,894)
- Revaluation Increases (Decreases) of Property, Plant and Equipment of Associates Accounted for Using Equity Method	3	59,899,402	46,614,980
Actuarial Loss Arising from Defined Benefit Plans	16	(3,923,026)	(7,653,628)
Taxes Relating To Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss		(155,187,276)	(3,521,763)
- Gains on Revaluation of Property, Plant and Equipment, Tax Effect	25	(156,864,916)	-
- Fair Value Gain Of Financial Assets Measured Through Other Comprehensive Income, Tax Effect	25	893,035	(5,052,488)
- Actuarial Gain/(Loss) Arising from Defined Benefit Plans, Tax Effect	25	784,605	1,530,725
Items to be Reclassified to Profit or Loss		16,061,727	5,968,669
Share of Other Comprehensive Income of Associates Accounted for Using Equity Method that will be Reclassified to Profit or Loss		16,061,727	5,968,669
- Gains on Foreign Currency Translation Differences Of Associates Accounted for Using Equity Method	3	16,061,727	5,968,669
OTHER COMPREHENSIVE INCOME		794,811,128	142,179,232
TOTAL COMPREHENSIVE INCOME		912,154,237	182,366,685

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

PINAR SÜT MAMULLERİ SANAYİİ A.Ş.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED AT 31 DECEMBER 2021 AND 2020

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

	Other Comprehensive Income/(Expense) not to be Reclassified in Profit or Loss				Other Comprehensive Income/(Expense) to be Reclassified in Profit or Loss				Retained Earnings/ (Losses)	Net Profit for the Year	Total Equity	
	Share Capital	Adjustment to Share Capital	Increase/ (Decrease on Revaluation of Property Plant and Equipment	Losses on Remeasurements of Defined Benefit Plans	Revaluation or Classifications Earnings of Assets at Fair Value Through Other Comprehensive Income	Share of Other Comprehensive Income of Associates Accounted for Using Equity Method that will not be Reclassified to Profit or Loss	Share of Other Comprehensive Income of Associates Accounted to Equity Method that will be Reclassified to Profit or Loss	Other (Losses)/ Gains				
1 January -31 December 2020												
Balances at the beginning of the period	44,951,051	16,513,550	353,044,854	(13,635,627)	56,423,337	44,384,831	9,133,658	(1,768,324)	62,790,880	291,729,092	34,679,832	898,247,134
Transfers	-	-	(16,129,033)	-	-	(615,279)	-	-	-	51,424,144	(34,679,832)	-
Dividends	-	-	-	-	-	-	-	-	1,719,454	(21,161,550)	-	(19,442,096)
Due to other changes (decrease)/ increase	-	-	-	-	-	-	-	-	-	-	-	442,081
Total comprehensive income	-	-	-	(6,122,903)	97,023,380	45,310,086	5,968,669	-	-	-	40,187,453	182,366,685
- Net profit for the year	-	-	-	-	-	-	-	-	-	-	40,187,453	40,187,453
- Other comprehensive income/(expense)	-	-	-	(6,122,903)	97,023,380	45,310,086	5,968,669	-	-	-	-	142,179,232
Balances at the end of the period	44,951,051	16,513,550	336,915,821	(19,758,530)	153,446,717	89,079,638	15,102,327	(1,326,243)	64,510,334	321,991,686	40,187,453	1,061,613,804
1 January -31 December 2021												
Balances at the beginning of the period	44,951,051	16,513,550	336,915,821	(19,758,530)	153,446,717	89,079,638	15,102,327	(1,326,243)	64,510,334	321,991,686	40,187,453	1,061,613,804
Transfers	-	-	(16,982,826)	-	-	(368,375)	-	-	-	57,538,654	(40,187,453)	-
Dividends	-	-	-	-	-	-	-	-	2,110,969	(25,468,207)	-	(23,357,238)
Due to other changes (decrease)/ increase	-	-	-	-	-	-	-	442,081	-	-	-	442,081
Total comprehensive income	-	-	737,715,797	(3,138,421)	(15,245,974)	59,417,999	16,061,727	-	-	-	117,343,109	912,154,237
- Net profit for the year	-	-	-	-	-	-	-	-	-	-	117,343,109	117,343,109
- Other comprehensive income/(expense)	-	-	737,715,797	(3,138,421)	(15,245,974)	59,417,999	16,061,727	-	-	-	-	794,811,128
Balances at the end of the period	44,951,051	16,513,550	1,057,648,792	(22,896,951)	138,200,743	148,129,262	31,164,054	(884,162)	66,621,303	354,062,133	117,343,109	1,950,852,884

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

PINAR SÜT MAMULLERİ SANAYİİ A.Ş.**STATEMENTS OF CASH FLOW FOR THE YEARS ENDED AT
31 DECEMBER 2021 AND 2020**

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

	Notes	1 January - 31 December 2021	1 January - 31 December 2020
CASH FLOWS FROM OPERATING ACTIVITIES		36,637,236	(49,872,831)
Net Profit/(Loss) for the Year		117,343,109	40,187,453
Profit/(Loss) for the Year from Continuing Activities		117,343,109	40,187,453
Adjustments Related to Reconciliation of Net Profit/(Loss) for the Year:		55,434,862	32,046,971
Adjustments for Depreciation and Amortization	10	60,079,075	51,604,418
Adjustments for Impairments/Reversals		554,778	164,322
- Adjustments for Decrease in Fair Value of Inventories	3	554,778	164,322
Adjustments for Provisions		8,239,006	6,815,993
- Adjustments for (Reversal of) Provisions Related with Employee Benefits		8,239,006	6,815,993
Adjustments for Dividend Income	23	(8,297,498)	(4,919,379)
Adjustments for Interest Income/(Expense)		74,119,585	29,489,686
- Adjustments for Interest Income		(8,025,937)	(6,299,613)
- Adjustments for Interest Expense		82,145,522	35,789,299
Adjustments for Unrealized Foreign Currency Translation Differences		(53,004,313)	(24,747,557)
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method		(32,456,654)	(15,746,034)
- Adjustments for Undistributed Profits of Associates	3	(32,456,654)	(15,746,034)
Adjustments for Tax Income	25	2,994,356	(10,547,980)
Adjustments for Gain/ Losses on Sale of Tangible Assets		3,518,851	(319,662)
Adjustments for Other Adjustments Related to Profit/Loss Reconciliation		(312,324)	253,164
Changes in Working Capital:		(129,865,756)	(117,586,567)
Adjustments For Increases/(Decreases) In Trade Receivables		(191,097,855)	(109,475,893)
- (Decreases)/Increases In Trade Receivables From Related Parties		(186,983,641)	(117,078,485)
- (Decreases)/Increases In Trade Receivables From Third Parties		(4,114,214)	7,602,592
Adjustments For Increases In Other Receivables		(11,953,200)	(2,096,396)
- Increases/Decreases In Other Receivables From Third Parties		(11,953,200)	(2,096,396)
Adjustments For Increases/ (Decreases) In Inventories		(113,128,840)	(59,084,937)
(Decreases)/ Increases In Prepaid Expenses		(1,519,547)	2,773,665
Adjustments for Increases/(Decreases) in Trade Payables		201,882,941	52,919,012
- Increase In Trade Accounts Payables To Related Parties		(15,744,946)	7,144,662
- Increase In Trade Accounts Payables To Third Parties		217,627,887	45,774,350
Increases/Decreases In Debts From Employment Termination Benefits		1,104,716	2,188,507
Adjustments For Increases In Other Payable		(317,088)	8,708,290
- Increases In Other Payable From Third Parties		(317,088)	8,708,290
Adjustments For Increases/(Decreases) In Deferred Income		38,554	22,087
Adjustments For Increases/Decreases In Other Liabilities Of Working Capital		(14,875,437)	(13,540,902)
- Increase/(Decrease) In Other Assets Related With Operations		(14,866,502)	(13,559,751)
- Increase (Decrease) In Other Payables Related With Operations		(8,935)	18,849
Cash Flows From Operating Activities:		42,912,215	(45,352,143)
Employee Termination Benefits Paid	16	(3,852,881)	(5,827,704)
Income Taxes Refund/(Paid)		(1,154,125)	(384,256)
Government Grants Received		(1,267,973)	1,691,272

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

PINAR SÜT MAMULLERİ SANAYİİ A.Ş.

STATEMENTS OF CASH FLOW FOR THE YEARS ENDED AT

31 DECEMBER 2021 AND 2020

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

	Notes	1 January - 31 December 2021	1 January - 31 December 2020
CASH FLOWS FROM INVESTING ACTIVITIES:		(34,403,497)	(61,926,396)
Cash Inflows due to Sale of Shares or capital Decrease of Affiliates and / or Joint Ventures	3	-	3,051,587
Cash Outflows Due to Share Purchase or Capital Increase of Affiliates and/or Joint Ventures		(4,387,050)	-
Cash Inflows Due To Sales Of Tangible Assets		2,004,749	357,276
- Cash Inflows Due To Sales Of Tangible Assets		2,004,749	357,276
Cash Outflows Due To Purchases Of Tangible And Intangible Assets		(55,984,329)	(47,122,954)
- Cash Outflows Due To Purchases Of Tangible Assets		(51,307,418)	(42,609,936)
- Cash Outflows Due To Purchases Of Intangible Assets		(4,676,911)	(4,513,018)
Cash Payments Of Advances And Loans		(5,093,036)	(31,399,485)
- Cash Advances And Loans Made To Related Parties		(4,730,935)	(28,892,269)
- Other Cash Advances And Loans Made To Other Parties		(362,101)	(2,507,216)
Cash Payments Of Advances And Loans		3,092,444	-
- Other Cash Advances And Loans Made To Other Parties		3,092,444	-
Dividends Received	5	17,937,788	6,887,567
Interest Received		8,025,937	6,299,613
CASH FLOWS FROM FINANCING ACTIVITIES		37,621,560	95,709,447
Cash inflow Proceeds From Borrowings		727,788,506	323,560,229
- Cash inflow From Borrowings		727,788,506	323,560,229
Cash outflow from Payments Of Borrowings		(572,019,647)	(162,303,651)
- Cash outflow From Other Financial Payments Of Borrowings		(572,019,647)	(162,303,651)
Increase/(Decrease) In Other Payables To Related Parties		(1,108,827)	(5,121,148)
Cash Outflows from Lease Liabilities		(9,457,893)	(5,124,635)
Dividends Paid		(26,542,239)	(16,266,019)
Interest Paid		(76,272,842)	(39,035,329)
Other Cash Inputs (Outputs)		(4,765,498)	-
Net Increase/(Decrease) In Cash And Cash Equivalents Before Foreign Currency Translation Differences		39,855,299	(16,089,780)
EFFECT OF CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS		33,178	995,473
Net Increase/(Decrease) In Cash And Cash Equivalents		39,888,477	(15,094,307)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		361,785	15,456,092
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		40,250,262	361,785

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

PINAR SÜT MAMULLERİ SANAYİİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS****FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2021**

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Pınar Süt Mamülleri Sanayii A.Ş. ("the Company") was established in 1973 and the main operations of the Company are the processing, production and sales of milk, dairy products, fruit juice, sauces and powder products. The Company's production facilities are located in İzmir - Pınarbaşı, Eskişehir and Şanlıurfa Organized Industry Zone. The Company sells its products under "Pınar" brand, which is one of the leading brands in food and beverages business in Turkey.

99% (2020: 98%) of sales and distribution of the Company's products in the domestic market are performed by its investment-in-associate, Yaşar Birleşik Pazarlama Dağıtım Turizm ve Ticaret A.Ş. ("YBP"), and substantial portion of its exports are performed by Yaşar Dış Ticaret A.Ş., ("YDT") which are both Yaşar Group companies (Note 5).

The Company shares are quoted on the Borsa İstanbul ("BIST"). The ultimate parent of the Company is Yaşar Holding A.Ş. ("Yaşar Holding") with 61.41% shares of the Company (2020: 61.41%) (Note 19).

The average number of employees are 1.162 in the period (1 January - 31 December 2020: 1.013).

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

Yunus Emre Mah. Kemalpaşa Cad. No: 317
Bornova/İzmir

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS**2.1 Basis of Presentation of Financial Statements**

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, financial statements are prepared in accordance with Turkish Accounting Standards/ Turkish Financial Reporting Standards ("TAS"/ "TFRS") and its addendum and interpretations ("TFRSI") issued by the Public Oversight Accounting and Auditing Standards Authority ("POAASA") Turkish Accounting Standards Board. The financial statements are presented in accordance with "Announcement regarding with TAS Taxonomy" which was published on 15 April 2019 by POA and the format and mandatory information recommended by CMB.

The Company maintains its accounting records 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. Subsidiary operating in foreign country has prepared their financial statements in accordance with the laws and regulations of the country in which it operates. Financial statements have been prepared under the historical cost convention as modified by the revaluation of land, land improvements and buildings, machinery and equipment, derivative financial instruments, which are measured at fair values. These financial statements are based on the functional currency of the company, Turkish Lira ("TRY").

PINAR SÜT MAMULLERİ SANAYİİ A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2021
(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

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

2.2 Amendments in Turkish Financial Reporting Standards

a) Standards, amendments and interpretations that are issued but not effective as at 31 December 2021:

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

b) New standards, amendments and interpretations issued and effective as of 31 December 2021 have not been presented since they are not relevant to the operations of the Company or have insignificant impact on the financial statements.

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

Amendments to TFRS 16 "Leases - Changes to the extension of COVID 19 Lease Concessions' facilitating practice; As of March 2021, this change has been extended until June 2022 and is effective from April 1, 2021. These concessions can take a variety of forms, including suspension or postponement of lease payments. On May 28, 2020, with the amendment to the TFRS 16 Leases standard, the IASB introduced an optional facilitating application for tenants to not evaluate whether the privileges granted due to COVID-19 in lease payments are a change in the lease. Tenants may choose to account for such lease concessions in accordance with the provisions that apply in the absence of a change to the lease. This ease of implementation often causes the lease concession to be accounted for as variable lease payment in periods when an event or condition that triggers a reduction in lease payments occurs.

- Amendment to TAS 1, "Presentation of financial statements" regarding the classification of liabilities; the effective date has been postponed to the annual reporting periods beginning on or after 1 January 2024. effective from Annual periods beginning on or after 1 January 2022. These narrow-scope amendments to TAS 1, "Presentation of financial statements", explain that liabilities are classified as current or non-current, depending on the rights existing at the end of the reporting period. The amendment also clarifies what TAS 1 means to "settle" a liability.
- Narrow amendments in TFRS 3, TAS 16, TAS 37 and some annual improvements in TFRS 1, TFRS 9, TAS 41 and TFRS 16; effective from Annual periods beginning on or after 1 January 2022.
- **Amendments to TFRS 3 'Business Combinations';** This amendment updates a reference to the Conceptual Framework for Financial Reporting in TFRS 3 without changing the accounting requirements for business combinations.

PINAR SÜT MAMULLERİ SANAYİİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2021

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

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

2.2 Amendments in Turkish Financial Reporting Standards

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

- **Amendments to TAS 16 'Tangible fixed assets';** prohibits a company from deducting the income from the sale of manufactured products from the amount of the tangible fixed asset until the asset is ready for use. Instead, the company will reflect such sales revenue and related cost in profit or loss.
- **Amendments to TAS 37, 'Provisions, Contingent Liabilities and Contingent Assets';** this amendment specifies what costs a company involves when deciding whether to lose from a contract.

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

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

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

The company will evaluate the effects of the above changes on its operations and apply them as of the effective date. The standards and amendments that were published as of 31 December 2021 but have not come into force yet and are not related to the Company's activities are not given above.

2.3 Basis of Consolidation

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

According to the equity method, the total comprehensive income/(expense) of the affiliates after tax after the purchase is reflected in the Company's total comprehensive income/(expense) to the extent of the share of the Company in the subsidiary. Dividends received or to be received from associates are recognized as a reduction in the book value of the investment.

PINAR SÜT MAMULLERİ SANAYİİ A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2021
(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

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

2.3 Basis of Consolidation (Continued)

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

The book value of the investment accounted for by the equity method is tested for impairment according to the policy described in Note 2.6.6.

The table below sets out the associates and the proportion of ownership interest as of 31 December 2021 and 2020 (Note 3):

	Share/Voting Right (%)	
	2021	2020
<u>Investments-in-associates</u>		
YBP	31.82	31.82
Desa Enerji Elektrik Üretim A.Ş. ("Desa Enerji")	30.52	30.52
Pinar Foods GmbH ("Pinar Foods")	44.94	44.94

Foreign currency translation

Transactions and balances

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

Translation of financial statements of foreign associate

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

Exchange differences arising from re-translation of the opening net assets of investment-in-associate and the differences between the average and year-end rates are included in the share of other comprehensive income of investments in associates accounted for using equity method that will be reclassified to profit or loss under the equity as a separate component.

PINAR SÜT MAMULLERİ SANAYİİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2021

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

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

2.3 Basis of Consolidation (Continued)

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

End of period asset purchase:	31 December 2021	31 December 2020
USD /TRY	13.3290	7.4194
EUR /TRY	15.0867	9.1164
End of period liability sales:		
USD /TRY	13.3530	7.4327
EUR /TRY	15.1139	9.1329
Annual average:	1 January - 31 December 2021	1 January - 31 December 2020
USD /TRY	8.8854	7.0034
EUR /TRY	10.4687	8.0140

Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are measured and presented in TRY which is the parent Company's functional and the Company's presentation currency.

2.4 Offsetting

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

2.5 Comparative Information

The Company prepared its financial statements on a comparative basis with the preceding financial period, which enables determination of trends in financial position and performance. The Company prepared its balance sheet at 31 December 2021 on a comparative basis with balance sheet at 31 December 2020; and statements of comprehensive income, cash flows and changes in equity for the period of 1 January - 31 December 2021 on a comparative basis with financial statements for the period of 1 January - 31 December 2020.

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

2.6 Summary of significant accounting policies

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

2.6.1 TFRS 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).

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

2.6 Summary of significant accounting policies (Continued)

2.6.1 TFRS 16 Leases (Continued)

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.

The Company applies TAS 16 "Property, Plant and Equipment" to amortize the right of use asset and to asses for any impairment (Note 11.b).The Company apply TAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Lease Liability

At the commencement date, The Company measure the lease liability at the present value of the lease payments that are not paid at that date. 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.

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

Extension and early termination options

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.

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

2.6 Summary of significant accounting policies (Continued)

2.6.1 TFRS 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 TFRS 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.

2.6.2 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.

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,

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**2.6 Summary of significant accounting policies (Continued)****2.6.2 Revenue Recognition (Continued)**

It is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, 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.

2.6.3 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.

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

2.6 Summary of significant accounting policies (Continued)

2.6.3 Financial assets(Continued)

(a) Financial assets carried at amortized cost

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

Impairment

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

The Company management evaluated the effect of the calculation as of 31 December 2020 and expected that the effects of the calculation will not have significant impact on the financial statements.

(b) Financial assets measured at fair value through other comprehensive income ("FVOCI")

Assets that the Company management adopts contractual cash flows and/ or sales business model are classified as assets that are recognized at fair value. Such assets are classified as non-current assets unless management intends to dispose of the related assets within 12 months after the balance sheet date.

The Company makes an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, to present subsequent changes in fair value in other comprehensive income.

FVOCI include "Financial Investments" in the statement of financial position. On disposal of these equity investments, any related balance within the FVOCI reserve is reclassified to retained earnings. In case of the sale of assets with fair value difference recorded in other comprehensive income, the valuation difference classified into other comprehensive income is classified in retained earnings.

Where there is no listed fair value of the financial assets carried at fair value through other comprehensive income, the generally accepted valuation methods used in the calculation of the fair value include certain assumptions based on the best estimates of the management and the values that may occur in the case of the purchase/sale transactions may differ from these values. (Note 27).

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**2.6 Summary of significant accounting policies (Continued)****2.6.4 Inventories**

The Company's raw material inventory mainly consist of cheddar cheese, lactic butter and packaging materials used for production of dairy products and fruit juice; work-in-progress inventory mainly consist of raw milk, milk powder, melting cheese, pasteurized lactic butter and pasteurized milk; finished goods inventory mainly consist of UHT milk, white cheese, kasseri, labneh, packaged fruit juice, butter, sauces and yogurt; and other inventory mainly consist of spare part and pallet.

Company's raw materials mainly consist of materials and packaging materials which are used to produce bottled water, finished goods mainly consist of bottled water. Inventories are valued at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. Cost elements included in inventories comprise all costs of cost of spring water agreements and it's cost of rent agreements, purchase of material and other costs incurred in bringing the inventories to their present location and condition such as labor and appropriate amount of factory overheads (based on normal operating capacities). The cost of inventories is determined on the monthly weighted average basis (Note 8).

2.6.5 Property, plant and equipment

Property, plant and equipment except for land, land improvements and buildings and machinery and equipment are stated at cost less accumulated depreciation. Land, land improvements and buildings and machinery and equipment are reflected in the financial statements at their fair values determined by an independent valuation company as of 31 December 2021 (Note 10). 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.

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

2.6 Summary of significant accounting policies (Continued)

2.6.5 Property, plant and equipment (Continued)

Depreciation is provided on the cost or revalued amounts of property, plant and equipment on a straight-line basis less any impairment (Note 10). Land is not depreciated as it is deemed to have an indefinite life. The annual depreciation rates for property, plant and equipment, which are based on the approximate useful lives of such assets, are as follows;

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

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

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

Repairs and maintenance are charged to the statements of comprehensive income during the financial period in which they are incurred. The Company derecognizes the carrying amounts of the replaced parts related to renovations regardless of whether the replaced parts were depreciated separately. Major overhauls are depreciated over shorter of their useful lives or the remaining useful life of the related assets. Gains or losses on disposals of property, plant and equipment are determined by reference to their carrying amounts and re included in the related income and expense accounts, as appropriate (Note 23). On the disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to the retained earnings.

2.6.6 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. 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;

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**2.6 Summary of significant accounting policies (Continued)****2.6.6 Intangible assets (Continued)**

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.

2.6.7 Impairment of assets

Impairment of financial assets:

- Assets carried at amortized cost

financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Company uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor,
- A breach of contract, such as a default or delinquency in interest or principal payments,
- The Company, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider,
- It becomes probable that the borrower will enter bankruptcy or another financial reorganisation,
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
 - (i) Adverse changes in the payment status of borrowers in the portfolio and
 - (ii) National or local economic conditions that correlate with defaults on the assets in the portfolio.

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

2.6 Summary of significant accounting policies (Continued)

2.6.7 Impairment of assets (Continued)

The Company first assesses whether objective evidence of impairment exists. For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of comprehensive income. If, in the following period, the amount of the impairment loss decreases and this decrease can be attributed to an event that occurred after the impairment was realized (such as an improvement in the borrower's credit rating), the reversal of the previously recorded impairment is recorded in the income statement.

Impairment of non-financial assets:

At each reporting date, the Company assesses whether there is an impairment indication for the assets, except for the deferred income tax asset. When an indication of impairment exists, the Company estimates the recoverable amounts of such assets. The recoverable amounts of intangible assets not yet available for use to be measured annually. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Assets are allocated to cash generating units for the purpose of impairment testing, which is undertaken on the lowest level. An impairment loss is recognized for the amount by which the carrying amount of the asset or any cash-generating unit of that asset exceeds its recoverable amount, which is the higher of an asset's net selling price or value in use. Impairment losses are accounted for in the statement of comprehensive income. Impairment losses can be reversed to the extent that increased carrying amount of an asset shall not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years provided that increases in the recoverable amount of the asset can be associated with events that occur subsequent to the period in which the impairment loss was recognized.

2.6.8 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 13). 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.

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NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)**2.6 Summary of Significant Accounting Policies (Continued)****2.6.9 Going concern**

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

2.6.10 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.

2.6.11 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.

2.6.12 Provisions, contingent liabilities and contingent assets

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company are treated as contingent assets or liabilities (Note 14). The Company does not recognize contingent assets and liabilities. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed, where an inflow of economic benefits is probable.

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

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

2.6 Summary of Significant Accounting Policies (Continued)

2.6.12 Provisions, contingent liabilities and contingent assets (Continued)

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

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

ii. Provision for profit sharing and bonus plans

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

2.6.13 Accounting policies, errors and change in accounting estimates

Material changes in accounting policies and accounting errors are applied on a retrospective basis as if a prior period error had never occurred or the policy had always been applied. The effect of changes in accounting estimate shall be recognized prospectively by including it in the statement of comprehensive income within the period of the change, if the change affects that period only; or period of the change and future periods, if the change affects both.

2.6.14 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, and their close family members, in each case together with and companies controlled, jointly controlled or significantly influenced by them are considered and referred to as related parties (Note 5). Related parties are determined by considering the following conditions.

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.

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

2.6 Summary of Significant Accounting Policies (Continued)

2.6.14 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,
- 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.

2.6.15 Segment reporting

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

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

2.6.16 Taxation on income

The tax expense for the period comprises current and deferred income tax. The current income tax liability includes the taxes payable calculated on the taxable portion of the period income with tax rates enacted on the balance sheet date (Note 25). The adjustments related to prior period tax liabilities are recognized in other operating expenses. Deferred income tax income or expense is recognized in the statement of comprehensive income, except to the extent that it relates to items recognized directly in equity. In case, when the tax is related to items recognized directly in equity and other comprehensive income, the tax is also recognized in equity and other comprehensive income. Deferred income tax assets or liabilities are reflected to the financial statements to the extent that they will provide an increase or decrease in the taxes payable for the future periods where the temporary differences will be reversed, using tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

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

2.6 Summary of Significant Accounting Policies (Continued)

2.6.16 Taxation on income (Continued)

Deferred income tax liabilities are recognized for all taxable temporary differences, where deferred income tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. To the extent that deferred income tax assets will not be utilized, the related amounts have been deducted accordingly.

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business and significant judgment is required in determining the provision for income taxes. The Company recognizes tax liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. In this respect, the Company recognised deferred income tax assets arising from tax losses carried forward and other deductible differences as their future utilisation is virtually certain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made (Note 25).

2.6.17 Statement of cash flow

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

2.6.18 Share capital and dividends

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

2.6.19 Government grants and incentive

Grants from the government are recognized at their fair value when there is a reasonable assurance that grant will be received, and the Company will comply with all relevant conditions after fulfilling minimum requirements.

2.6.20 Research and development expenses

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

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NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)**2.6 Summary of Significant Accounting Policies (Continued)****2.6.20 Research and development expenses (Continued)**

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

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

2.6.21 Significant accounting assessments, estimates and assumptions

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

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

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

In this context, as a result of the evaluations made by the Company management, land and land improvements and buildings and investment properties as of 31 December 2021, property, plant and equipment, on the fair value determined by the valuation studies carried out by an independent professional valuation company. is reflected in the tables.

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

2.6 Summary of Significant Accounting Policies (Continued)

2.6.21 Significant accounting assessments, estimates and assumptions(Continued)

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

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

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

b) Employee termination benefits

The company uses actuarial assumptions such as employee turnover rate, discount rates and salary increase in the calculation of the provision for employee termination benefits. Calculation details are given in employee benefits footnote. (Note 16).

c) Financial assets fair value determination

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, it can be defined that the assets and liabilities of significant amounts, which are one of the other alternative valuation techniques, especially the discounted cash flow method, which is one of the generally accepted valuation techniques used in the calculation of fair value. The net asset valuation approach includes some assumptions based on the Company's best estimates, and the values that may arise in the event of purchase / sale transactions may differ from these values (Note 27).

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NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)**2.6 Summary of Significant Accounting Policies (Continued)****2.6.21 Significant accounting assessments, estimates and assumptions(Continued)****e) 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 while evaluating the recoverability of trade receivables. As a result of all these evaluations, the determination of doubtful receivables and the determination of the amount of provisions allocated for these receivables also includes the assumptions and estimates of the management.

2.7 Compliance Declaration To Resolutions Published By POAASA and TFRS

The Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with the Turkish Accounting Standards published by the Public Oversight Accounting and Auditing Standards Authority. 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 Turkish Accounting Standards published by the Public Oversight Accounting and Auditing Standards Authority.

NOTE 3 - INTERESTS IN OTHER ENTITIES**Associates:**

	31 December 2021		31 December 2020	
	TRY	(%)	TRY	(%)
YBP	206,050,404	31.82	144,107,953	31.82
Desa Enerji	33,312,615	30.52	14,781,666	30.52
Pinar Foods	41,758,295	44.94	24,048,304	44.94
	281,121,314		182,937,923	

Details of significant investment in associates of the Company as at 31 December 2021 and 2020 are as follows:

Associates	Nature of business	Based on
- YBP	Marketing and distribution	Turkey
- Desa Enerji	Energy generation	Turkey
- Pinar Foods	Marketing and distribution	Germany

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

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NOTE 3 - INTERESTS IN OTHER ENTITIES (Continued)

<i>Statement of Financial Position</i>	YBP		Desa Enerji		Pınar Foods	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Current Assets						
Cash and Cash Equivalents	34,147,803	54,136,095	13,619,763	7,186,809	35,522,664	38,065,332
Other Current Assets	574,059,187	428,529,494	31,240,789	11,829,521	57,843,035	21,478,896
Total Current Assets	608,206,990	482,665,589	44,860,552	19,016,330	93,365,700	59,544,227
Non-Current Assets	806,582,654	593,296,580	102,498,131	43,979,183	8,886,409	6,447,585
Short-Term Liabilities						
Financial Liabilities (Trade Payables Excluded)	54,511,370	49,410,302	169,032	42,996	3,133,044	1,601,513
Other Short-Term Liabilities	637,273,577	521,106,972	24,662,911	12,673,751	305,175	5,981,936
Total Short-Term Liabilities	691,784,947	570,517,274	24,831,943	12,716,747	3,438,219	7,583,449
Long-Term Liabilities						
Financial Liabilities (Trade Payables Excluded)	15,987,793	17,140,652	868,242	739,485	5,893,781	4,896,335
Other Long-Term Liabilities	59,466,923	35,419,414	12,508,383	1,106,561	-	-
Total Long-Term Liabilities	75,454,716	52,560,066	13,376,625	1,846,046	5,893,781	4,896,335
Net Assets	647,549,981	452,884,829	109,150,114	48,432,720	92,920,109	53,512,029

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NOTE 3 - INTERESTS IN OTHER ENTITIES (Continued)

Reconciliation of Net Book Values	YBP		Desa		Pinar Foods	
	31.12.5	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
1 January Opening Value of Net Assets	452,884,831	277,702,028	48,432,719	54,718,897	53,512,025	35,860,990
Net Profit for the Year	83,229,947	34,509,708	19,094,503	9,870,540	4,011,310	4,333,566
Other Comprehensive Income	136,348,765	140,673,093	49,489,978	179,531	-	-
Dividend paid	(24,913,561)	-	(7,868,087)	(6,336,248)	-	-
Capital reduction	-	-	-	(10,000,000)	-	-
Foreign Currency Translation Differences	-	-	-	-	35,396,773	13,317,473
Closing Value of Net Assets	647,549,981	452,884,829	109,150,114	48,432,720	92,920,109	53,512,028
Company's share in %	31.82%	31.82%	30.52%	30.52%	44.94%	44.94%
Company's share in TRY	206,050,404	144,107,953	33,312,615	14,781,666	41,758,295	24,048,304
Net Book Value	206,050,404	144,107,953	33,312,615	14,781,666	41,758,295	24,048,304

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NOTE 3 - INTERESTS IN OTHER ENTITIES (Continued)

<i>Comprehensive Income Statement</i>	YBP		Desa		Pınar Foods	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Revenue	3,486,632,759	2,712,142,692	139,609,376	81,651,427	163,091,185	136,703,316
Interest Income	1,911,348	-	1,405,003	188,877	-	-
Depreciation and Amortization	(16,733,950)	(17,714,771)	(7,595,554)	(6,458,709)	(72,613)	(36,801)
Interest Expense	(13,102,618)	(14,440,259)	-	-	-	-
Income Tax Expense	(13,349,590)	(7,408,633)	(5,266,281)	(2,591,755)	(1,806,339)	(2,200,777)
Profit For The Year Continuing Operations	83,229,947	34,509,708	19,094,503	9,870,539	4,011,310	4,333,565
Net Profit for the Year	83,229,947	34,509,708	19,094,503	9,870,539	4,011,310	4,333,565
Other Comprehensive Income	136,348,765	140,673,092	49,489,978	179,532	-	-
Total Comprehensive Income	219,578,712	175,182,800	68,584,481	10,050,071	4,011,310	4,333,565

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NOTE 3 - INTERESTS IN OTHER ENTITIES (Continued)

Movement in investments-in-associates during the years 2021 and 2020 are as follows:

	2021	2020
1 January	182,937,923	120,655,150
Share of profit before taxation of investments-in-associates - net	32,456,654	15,746,034
Increase in fair value reserves of investments-in-associates - net	8,290,473	46,614,980
Dividend income from investments-in-associates (Note 5.ii.d)	(9,640,290)	(1,968,188)
Currency translation reserve	16,061,727	5,968,669
Increase in revaluation reserve of investments-in-associates	51,608,927	-
Actuarial loss arising from defined benefit plans of investments-in associates - net	(481,403)	(1,304,894)
(Decrease)/increase due to other changes	442,081	442,081
Earnings from capital deduction of associate	-	(3,051,587)
Elimination of net effect of unrealized profits on inventory	(554,778)	(164,322)
31 December	281,121,314	182,937,923

NOTE 4 - CASH AND CASH EQUIVALENTS

	31 December 2021	31 December 2020
Cash in hands	98,621	62,145
Banks	40,151,641	299,640
- Demand deposits	201,641	299,640
- TRY	201,641	299,640
- Time deposits	39,950,000	-
- TRY	39,950,000	-
	40,250,262	361,785

The effective interest rates of time deposits are 19.33% for TRY and the maturity period is within 1 month.

Based on the independent data with respect to the credit risk assessment of the banks, at which the Company has deposits, the credit quality of the banks is sufficient. The market values of cash and cash equivalents approximate carrying values, including accrued income at the respective balance sheet date. Details of cash and cash equivalents in foreign currency are presented in Note 28.

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NOTE 5 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Due from and due to related parties and the transactions with related parties as of and for the years ended 31 December 2021 and 2020 are as follows:

i) Balances with related parties:

	31 December 2021	31 December 2020
a) Short-term trade receivables from related parties:		
YBP ⁽¹⁾	426,303,122	335,839,739
YDT ⁽²⁾	355,013,334	153,578,067
	781,316,456	489,417,806

The average maturity of short-term trade receivables from related parties as of 31 December 2021 is 2 months (2020: 2 months).

As of 31 December 2021, trade receivables from related parties amounting to TRY272,734,965 (2020: TRY135,139,444) over which no provision for impairment is provided of overdue receivables and aging is shown Note 28.a. A significant portion of the aforementioned overdue receivable stems from sales to Yaşar Holding's group companies abroad through YDT, and no risk is foreseen for the collection of these receivables. Necessary actions are taken by the Company Management and Yaşar Holding in order to collect the said receivable within one year, but a significant part of the increase in these receivables in foreign currency is due to the increase in the exchange rate.

b) Other short-term receivables from related parties:

Yaşar Holding ⁽³⁾	23,325,339	10,352,093
DYO Boya Fab. San. ve Tic. A.Ş. ("DYO Boya") ⁽²⁾	51,776	4,048
Other	-	40,039
	23,377,115	10,396,180

As of 31 December 2021, the Company has nontrade receivables from Yaşar Holding amounting to TRY15,009,788 (2020: TRY2,019,775) with an effective interest rate of 19.75% (31 December 2020: %20.25).

As of 31 December 2021, the Company's other short-term receivables from Yaşar Holding amounting to TRY8,315,551 (31 December 2020: TRY8,332,318) consist of the principal and interest accrual amounts of the borrowings obtained by the Company from a financial institution and transferred to Yaşar Holding under the same conditions with an effective interest rate of 18.16% per annum (31 December 2020: 18.42%).

(1) Investment in associate

(2) Related party controlled by parent company

(3) Parent company

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NOTE 5 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)**c) Other long-term receivables from related parties:**

	31 December 2021	31 December 2020
Yaşar Holding	10,312,500	18,562,500
	10,312,500	18,562,500

As of 31 December 2021, the Company's other long-term receivables from Yaşar Holding consist of the principal and interest accrual amounts of the borrowings obtained by the Company from a financial institution and transferred to Yaşar Holding under the same conditions. Effective interest rate of the borrowing is 18.16% per annum (31 December 2020: 18.42%).

d) Short-term trade payables to related parties:

Çamlı Yem Besicilik Sanayi ve Tic. A.Ş. ("Çamlı Yem") ⁽²⁾	15,623,417	15,985,414
YDT	12,449,654	-
Yaşar Holding	7,742,762	6,100,474
Desa Enerji ⁽¹⁾	7,572,146	2,867,038
HDF FZCO ⁽²⁾	5,011,484	4,602,974
Yadex International GmbH ("Yadex") ⁽²⁾	114,111	24,358,626
Other	3,377,933	2,883,025
	51,891,507	56,797,551

Trade payables to Çamlı Yem mainly consist of raw material purchases.

e) Other short-term payables to related parties:

Yaşar Eğitim ve Kültür Vakfı	-	777,149
Yaşar Holding	-	327,428
Other	1,831,338	5,020,587
	1,831,338	6,125,164

Majority of other short-term payables to related parties which are amounting to TRY1,831,338 consist of bonus payments to board of directors according to the decision taken at the General Assembly Meetings held at 25 March 2021 and 25 March 2020. (31 December 2020: Majority of other short-term payables to related parties which are amounting to TRY5,016,338 consist of bonus payments to board of directors according to the decision taken at the General Assembly Meetings held at 25 March 2020, 28 March 2019, 30 March 2018, 30 March 2017.)

(1) Investment in associate

(2) Related party controlled by parent company

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

ii) Transaction with related parties:

	1 January - 31 December 2021	1 January - 31 December 2020
a) Product sales:		
YBP	2,247,970,266	1,694,390,305
YDT	417,463,407	307,419,613
Pinar Et	772,520	562,683
Other	1,107,176	316,350
	2,667,313,369	2,002,688,951

The company carries out the domestic sales of most of the products it manufactures to YBP, a subsidiary and Yaşar Group Company, and its overseas sales through YDT, a Yaşar Group Company, and a significant part of the said export sales are made to HDF FZCO, a Yaşar Holding Group Company.

b) Service sales:

YDT	22,665,503	14,623,395
Pinar Et	667,149	243,917
YBP	663,527	659,075
Çamlı Yem	453,330	427,965
Other	651,688	487,527
	25,101,197	16,441,879

c) Other income from operating activities:

YDT	137,309,032	25,068,817
YBP	3,004,143	2,073,582
Çamlı Yem	1,885,606	1,678,139
Other	6,671	7,469
	142,205,452	28,828,007

Other income from operating activities mostly consist of foreign exchange income from export receivables and building rent income from YBP and Çamlı Yem.

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NOTE 5 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)**d) Dividends received:**

	1 January - 31 December 2021	1 January - 31 December 2020
Pınar Et	8,286,663	4,906,577
YBP	7,322,027	-
Desa Enerji	2,318,263	1,968,188
Bintur Turizm ve Catering Hizmetleri A.Ş. ("Bintur") ⁽²⁾	10,835	12,802
	17,937,788	6,887,567

e) Other expenses from operating activities:

YDT	8,763,860	10,572,811
Çamlı Yem	1,256,496	705,625
Yaşar Holding	369,011	234,880
Other	1,736,938	410,172
	12,126,305	11,923,488

Other expenses from operating activities are mostly consist of unearned financial expenses, interest expenses and foreign exchange expenses related with trade payables to related parties of the Company.

f) Product purchases:

Desa Enerji	44,441,690	28,479,644
Çamlı Yem	33,336,094	26,656,398
Hedef Ziraat Ticaret A.Ş. ⁽⁴⁾	11,808,887	8,439,732
Desa Elektrik Enerjisi Ticaret A.Ş.	4,599,391	-
Yadex	-	19,725,659
Other	1,072,984	777,619
	95,259,046	84,079,052

The Company purchases steam and electricity from Desa Enerji, and purchases raw material from Çamlı Yem.

g) Service purchases:

Yaşar Holding	25,853,824	20,379,204
YBP	20,638,326	15,420,432
YDT	19,548,216	14,899,584
Yaşar Bilgi İşlem ve Ticaret A.Ş. ("Yabim") ⁽²⁾	5,498,335	4,116,518
HDF FZCO	616,861	10,552,771
Bintur	237,283	194,136
Other	937,754	711,743
	73,330,599	66,274,388

Service purchases made from YDT mainly consist of the reflection of various export costs of foreign sales and service commissions. Service purchases from Yaşar Holding are related to various services and consultancy charges. The service purchases from the Company's group company and its associate YBP consist of promotional and advertising services and promotion expenses reflected to the company.

(2) Related party controlled by parent company

(4) Ultimate parent company

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

h) Financial and investment income from related parties:

	1 January - 31 December 2021	1 January - 31 December 2020
Yaşar Holding	5,301,210	5,096,442
	5,301,210	5,096,442

i) Dividends and profit shares to related parties:

Yaşar Holding	12,835,814	10,627,502
Yaşar Eğitim ve Kültür Vakfı	890,000	777,149
Other	1,573,339	1,365,696
	15,299,153	12,770,347

On the Ordinary Meeting of the General Assembly for the year 2020 as of 25 March 2021, it has been decided to distribute dividend amounting to TRY23,357,239 (2020: TRY19,442,096). TRY8,058,086 portion of this dividend will pay to other shareholders. (TRY6,671,748 portion of this dividend was paid to other shareholders).

j) Donations to related parties:

Yaşar Eğitim ve Kültür Vakfı	103,210	3,042,674
	103,210	3,042,674

k) Financial expenses from related parties:

Yaşar Holding	241,873	556,575
Other	-	636,575
	241,873	1,193,150

l) Key management compensation:

Key management includes members of Board of Directors and directors. The compensation paid or payable to key management is shown below:

Total short-term employee benefits	10,355,773	7,764,192
Other long-term benefits	751,747	209,361
	11,107,520	7,973,553

The portion of total short-term benefits amounting to TRY1,565,000 (31 December 2020: TRY1,358,792) consists of Board of Directors appropriation according to the decision taken at the Ordinary Meeting of the General Assembly.

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NOTE 5 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)**m) Bails received from related parties:**

Received bails are related with guarantee letter amounting to TRY80,600,595 guarantees provided by YBP, YDT and Yaşar Holding (31 December 2020: guarantees provided by YBP, YDT and Yaşar Holding related with guarantee letters amounting to TRY106,736,309).

NOTE 6 - TRADE PAYABLES

	31 December 2021	31 December 2020
a) Short-term trade payables to third parties:		
Supplier current accounts	608,265,475	384,766,614

Trade payables mature within two months (31 December 2020: Two months).

b) Long-term trade payables to third parties:

Supplier current accounts	10,429,300	18,485,589
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Long-term trade payables to third parties are comprised of payables regarding property, plant and equipment purchases that are amounting to EUR690,047 as of 31 December 2021 (31 December 2020: EUR2,052,153). The redemption schedules of long-term trade payables at 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
2022	-	12,269,717
2023	10,429,300	6,215,872
	10,429,300	18,485,589

NOTE 7 - OTHER PAYABLES**a) Other short-term payables to third parties:**

	31 December 2021	31 December 2020
Taxes and funds payable	6,913,731	7,269,632
Dividend payables to shareholders	-	4,765,498
Other	303,969	265,156
	7,217,700	12,300,286

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NOTE 8 - INVENTORIES

	31 December 2021	31 December 2020
Raw materials	77,691,911	56,555,046
Work-in-progress	102,826,637	77,955,621
Finished goods	132,015,951	69,084,217
Spare parts and pallets	17,425,214	13,235,989
	329,959,713	216,830,873

The costs of inventories recognized as expense and included in cost of sales amounted to TRY1,996,399,096 (2020: TRY1,505,263,852) (Note 17). Inventories are carried at cost, and there are no inventories valued at fair value less costs to sell as of 31 December 2021.

NOTE 9 - PREPAID EXPENSES AND DEFERRED INCOME

	31 December 2021	31 December 2020
a) Short-term prepaid expenses to third parties:		
Prepaid expenses	3,663,069	2,332,480
Advances given	703,520	514,562
	4,366,589	2,847,042

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NOTE 10 - PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS**a) Property, Plant And Equipment:**

	1 January 2021	Additions	Disposals	Accumulated Depreciation Netting Before Valuation	Revaluation Increasing	31 December 2021
Cost or revaluation:						
Land	183,225,000	-	-	-	220,512,267	403,737,267
Land improvements and buildings	118,802,015	826,858	-	(9,140,252)	134,565,699	245,054,317
Machinery, plant and equipment	506,497,707	19,570,779	(8,007,590)	(116,825,885)	539,502,747	940,737,758
Motor vehicles	7,015,336	-	(29,191)	-	-	6,986,145
Furniture and fixtures	64,500,998	3,384,082	(218,095)	-	-	67,666,985
Construction in progress	10,341,986	27,525,700	-	-	-	37,867,686
	890,383,042	51,307,419	(8,254,876)	(125,966,137)	894,580,713	1,702,050,158
Accumulated depreciation (-):						
Land improvements and buildings	(4,424,192)	(4,716,060)	-	9,140,252	-	-
Machinery, plant and equipment	(79,540,557)	(41,352,844)	4,067,516	116,825,885	-	-
Motor vehicles	(6,392,185)	(161,786)	29,191	-	-	(6,524,779)
Furniture and fixtures	(51,428,705)	(2,749,638)	216,206	-	-	(53,962,137)
	(141,785,639)	(48,980,328)	4,312,913	125,966,137	-	(60,486,916)
Net book value	748,597,403				1,641,563,242	

As of 31 December 2021, main additions to property, plant and equipment are comprised of investments related to machinery and equipment.

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NOTE 10 - PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS (Continued)

Movements of property, plant and equipment and accumulated depreciation between 1 January and 31 December 2020 were as follows:

	1 January 2020	Additions	Disposals	Transfers	31 December 2020
Cost or revaluation:					
Land	183,225,000	-	-	-	183,225,000
Land improvements and buildings	106,683,235	754,560	-	11,364,220	118,802,015
Machinery, plant and equipment	485,872,827	17,011,767	(38,496)	3,651,609	506,497,707
Motor vehicles	7,044,478	-	(29,142)	-	7,015,336
Furniture and fixtures	59,337,000	5,866,439	(702,441)	-	64,500,998
Construction in progress	6,380,645	18,977,170	-	(15,015,829)	10,341,986
	848,543,185	42,609,936	(770,079)	-	890,383,042
Accumulated depreciation (-):					
Land improvements and buildings	-	(4,424,192)	-	-	(4,424,192)
Machinery, plant and equipment	(39,015,919)	(40,557,884)	33,246	-	(79,540,557)
Motor vehicles	(6,253,885)	(167,443)	29,143	-	(6,392,185)
Furniture and fixtures	(49,555,764)	(2,543,017)	670,076	-	(51,428,705)
	(94,825,568)	(47,692,536)	732,465	-	(141,785,639)
Net book value	753,717,617				748,597,403

As of 31 December 2020, main additions to property, plant and equipment are comprised of investments related to machinery and equipment.

PINAR SÜT MAMULLERİ SANAYİİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS****FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2021**

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NOTE 10 - PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS (Continued)**b) Right of Use Assets:**

	1 January 2021	Additions	Disposals	31 December 2021
Cost:				
Land improvements and buildings	5,001,833	8,523,562	(1,581,637)	11,943,758
Motor vehicles	4,397,671	17,562,954	-	21,960,625
	9,399,504	26,086,516	(1,581,637)	33,904,383
Accumulated depreciation (-):				
Land improvements and buildings	(4,343,326)	(5,623,549)	1,581,637	(8,385,238)
Motor vehicles	(2,019,402)	(6,121,883)	-	(8,141,285)
	(6,362,728)	(11,745,432)	1,581,637	(16,526,523)
Net book value	3,036,776			17,377,860

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NOTE 10 - PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS (Continued)

b) Right of Use Assets:

	1 January 2020	Additions	Disposals	31 December 2020
Cost:				
Land improvements and buildings	3,280,008	1,721,825	-	5,001,833
Motor vehicles	2,610,723	1,786,948	-	4,397,671
	5,890,731	3,508,773	-	9,399,504
Accumulated depreciation (-):				
Land improvements and buildings	(2,446,531)	(1,896,795)	-	(4,343,326)
Motor vehicles	(878,740)	(1,140,662)	-	(2,019,402)
	(3,325,271)	(3,037,457)	-	(6,362,728)
Net book value	2,565,460	471,316	-	3,036,776

PINAR SÜT MAMULLERİ SANAYİİ A.Ş.**NOTES TO THE FINANCIAL STATEMENTS****FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2021**

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NOTE 10 - PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS (Continued)

There are no mortgages or other collaterals placed on property, plant and equipment as of 31 December 2021 (2020: None).

Current year's depreciation and amortization charges were allocated to cost of goods sold by TRY43,149,719 (2020: TRY40,349,920) to the cost of inventories by TRY542,242 (2020: TRY555,069), to marketing expenses by TRY 9,616,939 (2020: TRY4,876,906) (Note 21.a), to general administrative expenses by TRY5,626,904 (2020: TRY4,931,121) (Note 21.b), to research and development expenses by TRY1,143,272 (2020: TRY891,402) (Note 21.c).

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

	2021	2020
1 January	336,915,821	353,044,854
Disposal of revaluation funds due to		
sale of property, plant and equipment - net	(1,352,913)	-
Increase in revaluation reserve arising from revaluation		
of land, buildings and land improvements - net	737,715,797	-
Depreciation transfer upon revaluation reserve - net	(15,629,913)	(16,129,033)
31 December	1,057,648,792	336,915,821

The carrying amounts of each class of property, plant and equipment that would have been recognized if the assets have been carried under the cost model at 31 December 2021 and 2020 are as follows:

	Land	Land improvements and buildings	Machinery and equipment
31 December 2021			
Cost	9,059,482	88,951,541	436,764,746
Less: Accumulated depreciation	-	(31,486,143)	(177,840,976)
Net book value	9,059,482	57,465,398	258,923,770
31 December 2020			
Cost	9,059,482	88,124,686	427,576,676
Less: Accumulated depreciation	-	(26,770,083)	(157,057,195)
Net book value	9,059,482	61,354,603	270,519,481

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NOTE 11 - INTANGIBLE ASSETS

The movements of intangible assets and related accumulated amortization for the years ended 31 December 2021 and 2020 were as follows:

	1 January 2021	Additions	Disposals	31 December 2021
Costs:				
Rights	14,230,426	620,800	(523,873)	14,327,353
Construction in progress	8,109,384	4,056,111	-	12,165,495
Less: Accumulated amortization	(13,514,569)	(934,951)	523,873	(13,925,646)
Net book value	8,825,241	3,741,961	-	12,567,202
	1 January 2020	Additions		31 December 2020
Costs:				
Rights	13,816,841	413,585		14,230,426
Construction in progress	4,009,951	4,099,433		8,109,384
Less: Accumulated amortization	(12,640,144)	(874,425)		(13,514,569)
Net book value	5,186,648	3,638,593		8,825,241

NOTE 12 - GOVERNMENT GRANTS AND INCENTIVES

During 2021, in scope of Turquality Project implemented by Undersecretariat of Foreign Trade to support brandization of products made in Turkey in foreign markets and to settle the image of Turkish goods, the Company was provided TRY547,442 (2020: TRY584,061) government incentive. As of 31 December 2021, the company has incentive accrual amounting to TRY3,702,545 (31 December 2020: TRY2,842,840).

There are investment incentive certificates to which the Company has been entitled by the official authorities (Note 25).

NOTE 13 - BORROWINGS AND BORROWING COSTS

	31 December 2021	31 December 2020
From third parties:		
Short-term borrowings	385,642,813	185,661,284
Short-term portion of long-term borrowings	46,102,447	42,666,926
Borrowings from lease liabilities	6,658,291	1,506,459
Short-term borrowings	438,403,551	229,834,669
Long-term borrowings	60,790,662	77,400,855
Borrowings from lease liabilities	12,103,087	1,490,859
Long-term borrowings	72,893,749	78,891,714
	511,297,300	308,726,383

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NOTE 13 - BORROWINGS AND BORROWING COSTS (Continued)

	Effective weighted average interest rate p.a. (%)		Original currency		TRY equivalent	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Short-term borrowings:						
TRY borrowings (*)	21.01	18.09	292,171,814	148,958,784	292,171,814	148,958,784
EUR leasing borrowings	0.96	0.74	7,000,000	5,000,000	93,471,000	36,702,500
Short-term portion of long-term bank borrowings:						
TRY borrowings (**)	16.31	15.01	40,366,166	40,449,917	40,366,166	40,449,917
EUR leasing borrowings	3.71	3.71	379,537	246,118	5,736,281	2,217,009
Total short-term borrowings					431,745,261	228,328,210
Long-term bank borrowings:						
TRY borrowings (**)	16.29	15.41	49,798,214	70,933,929	49,798,214	70,933,929
EUR leasing borrowings	3.71	3.71	727,307	717,917	10,992,448	6,466,926
Total long-term borrowings					60,790,662	77,400,855

(*) As of 31 December 2021, short-term borrowings consist of zero and fixed interest spot loans and floating and fixed interest loans. (31 December 2020: Short-term financial liabilities consist of spot loans. Interest rate for spot loans is 0% p.a.). As of 31 December 2021 USD short-term financial liabilities consist of export credits with interest rate 0.96% p.a. (31 December 2020: USD short-term financial liabilities consist of export credits with interest rate 0.74% p.a.).

(**) As of 31 December 2021 TRY denominated long-term borrowings consist of loans with a fixed interest rate of 14.60% p.a and 18.50% p.a. (As of 31 December 2020 TRY denominated long-term borrowings consist of loans with a fixed interest rate of 11.55% p.a and 18.42% p.a.).

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NOTE 13 - BORROWINGS AND BORROWING COSTS (Continued)

Guarantees given for The Company's financial liabilities and other financial liabilities are explained in Note 14.

The redemption schedule of long-term borrowings at 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
2022	-	33,352,924
2023	44,794,934	33,352,924
2024	15,995,729	10,695,007
	60,790,662	77,400,855

31 December 2021 and 2020 are prepared in accordance with the Company's variable interest rate and the fixed rate renewal date net financial debt maturity breakdown is as follows:

31 December 2021

Borrowing with variable interest rates	195,362,500
Borrowings with fixed rates	315,934,800
Total	511,297,300

31 December 2020

Borrowing with variable interest rates	41,913,889
Borrowings with fixed rates	266,812,494
Total	308,726,383

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

	Carrying Amounts		Fair Values	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Bank borrowings	511,297,300	308,726,383	449,046,385	313,546,563

The fair values of the loans are determined using the discounted cash flow method using the effective weighted interest rates of 27.95% for TRY loans, and 28.28% for USD loans (31 December 2020: 13.85% for TRY loans, 3.71% for EUR loans and 0.21% for USD loans. It is determined by the discounted cash flow method using 0.21% effective weighted interest rates).

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NOTE 13 - BORROWINGS AND BORROWING COSTS (Continued)

As of 31 December 2021, and 2020 the movement of net borrowings are as follows:

	2021	2020
1 January	308,364,598	137,145,748
Cash inflow from borrowings	717,632,680	317,465,039
Repayment of borrowings	(573,029,305)	(162,303,651)
Currency translation difference	31,330,135	(2,348,103)
Accrual of interest effect	717,521	(3,246,030)
Change in cash and cash equivalents	(39,888,476)	15,094,308
Borrowings from lease liabilities	15,764,061	462,097
Borrowings from financial lease liabilities	10,155,826	6,095,190
31 December	471,047,040	308,364,598

NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	31 December 2021	31 December 2020
a) Guarantees given:		
Letter of guarantee	134,003,559	85,752,742
Other	-	825,806
	134,003,559	86,578,548

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NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

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

	31 December 2021			31 December 2020		
	Currency	Amount	TRY Equivalent	Currency	Amount	TRY Equivalent
The CPMs given by the Company:						
A. Total amount of CPM given for the Company's own legal personality			134,003,559			86,578,548
	TRY	59,803,342	59,803,342	TRY	44,300,108	44,300,108
	USD	5,556,820	74,200,217	USD	5,506,820	40,422,812
	-	-	-	EUR	206,000	1,855,628
B. Total amount of CPM given on behalf of fully consolidated companies		-	-		-	-
C. Total amount of CPM given for continuation of its economic activities on behalf of third parties		-	-		-	-
D. Total amount of other CPM		-	-		-	-
i. Total amount of CPM given on behalf of the majority shareholder		-	-		-	-
ii. Total amount of CPM given to behalf of other the Company companies which are not in scope of B and C		-	-		-	-
iii. Total amount of CPM given on behalf of third parties which are not in scope of C		-	-		-	-
Total			134,003,559			86,578,548

The ratio of total amount of other CPM to Equity

0%

0%

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NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

	31 December 2021	31 December 2020
b) Guarantees received:		
Bails	80,600,595	106,736,309
Guarantee notes	22,840,428	15,639,080
Letters of guarantee	9,867,974	12,079,342
Guarantee cheques	49,544	382,288
	113,358,541	134,837,019

Received bails are related with guarantee letter amounting to TRY80,600,595 guarantees provided by YBP, YDT and Yaşar Holding (31 December 2020: Received bails are related with guarantee letter amounting to TRY106,736,309 guarantees provided by YBP, YDT and Yaşar Holding).

Foreign currency denominated guarantees given as of 31 December 2021 is as follows:

Guarantees received	EUR	911,077
	USD	433,717

Foreign currency denominated guarantees given as of 31 December 2020 is as follows:

Guarantees received	EUR	1,456,691
	USD	484,967

c) Major litigations

As a result of the stamp tax inspection carried out by the Ministry of Treasury and Finance inspection staff for 2014, the stamp tax inspection for 2016 was made by the İzmir Hasan Tahsin Tax Office Directorate, of which TRY1,545,852 original stamp tax and TRY2,318,779 tax loss penalty. As a result of the tax inspection made for the years 2017 and 2018, a total tax assessment of TRY3,431,030 including the original stamp tax amounting to TRY1,715,515 and a tax loss penalty of TRY1,715,515, and a total tax penalty of TRY10,517,791, including the original tax amount of TRY4,207,116 and a tax loss penalty of TRY6,310,675 has been made. The Company benefited from the provisions of the Law No. 7326 on Restructuring Some Receivables and Amending Certain Laws by paying a total of TRY12,921,264, of which TRY5,511,609 is the original tax and TRY7,409,655 for the default interest, and TRY2,800,371 for the related penalty assessments. A settlement could not be reached for the penalty assessments amounting to a total of TRY3,905,104, of which TRY1,562,041 is the original stamp tax and TRY2,343,063 is the tax loss penalty, which is the subject of the application for reconciliation, and a lawsuit will be filed for the cancellation of the aforementioned penalty assessments. It is expected that the lawsuits will be concluded in favor of the company.

In accordance with the Investigation Report on VAT transactions for the 2017 and 2018 accounting periods, a counterclaim has been filed for the letter (administrative transaction), which states that the Company's VAT amount transferred for the period 02/2020 should be reduced by TRY4,884,152 and the subject case was reviewed by İzmir 1. Continuing before the Tax Court. It is expected that the case will be concluded in favour by the company.

NOTE 15 - COMMITMENTS

As of 31 December 2021, the Company has not any purchase commitments (2020: None).

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NOTE 16 - EMPLOYEE BENEFITS

a) Payables related to employee benefits:

	31 December 2021	31 December 2020
Social security premiums payable	3,271,680	2,486,667
Payables to personnel	1,389,280	1,388,763
	4,660,960	3,875,430

b) Short-term provisions for employee benefits:

Provision for seniority incentive bonus	1,135,427	1,047,758
	1,135,427	1,047,758

c) Long-term provisions for employee benefits:

Provision for employment termination benefits	50,521,715	34,555,141
Provision for seniority incentive bonus	1,846,306	1,614,789
	52,368,021	36,169,930

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

The amount payable consists of one month's salary limited to a maximum of TRY8,284.51 for each year of service as of 31 December 2021 (31 December 2020: TRY7,117.17). 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. The maximum amount of TRY10,848.59 which is effective from 1 January 2022 (1 January 2021: TRY7,638.96) has been taken into consideration in calculating the provision for employment termination benefits of the Company which is calculated once in every six months.

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

	2021	2020
Discount rate (%)	4.35	4.70
Probability of retirement (%)	97.25	94.95

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NOTE 16 - EMPLOYEE BENEFITS (Continued)

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

	2021	2020
1 January	34,555,141	25,913,225
Interest costs	11,948,618	4,291,192
Actuarial losses	3,923,026	7,653,628
Paid during the year	(3,852,881)	(5,827,704)
Annual charge	3,947,811	2,524,800
31 December	50,521,715	34,555,141

The total of interest cost, actuarial losses and increase during the year amounting to TRY19,819,455 (2020: TRY14,469,620) was included in general administrative expenses amounting to TRY3,947,811 (2020: TRY2,524,800) financial expenses amounting to TRY11,948,618, (2020: TRY4,291,192) and other comprehensive income amounting to TRY3,923,026 (2020: TRY7,653,628).

NOTE 17 - EXPENSES BY NATURE

	1 January - 31 December 2021	1 January - 31 December 2020
Direct material costs	1,996,399,096	1,505,263,852
Staff costs	148,156,881	108,326,380
Energy	98,213,773	66,831,685
Repair and maintenance	78,963,228	57,936,733
Advertisement	63,292,900	50,621,401
Depreciation and amortization	60,079,076	51,604,418
Consultancy charges	25,613,798	20,921,001
Other	112,867,706	113,041,517
	2,583,586,458	1,974,546,987

Fees For Services Received From Independent Auditors

The Company's explanation regarding the fees for the services received from the independent audit firms, which is based on the letter of POAASA dated 19 August 2021, the preparation principles of which are based on the Board Decision published in the Official Gazette on 30 March 2021, are as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Independent audit fees for the reporting period	128,250	115,000
Fees for other assurance services	-	49,000
	128,250	164,000

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NOTE 18 - OTHER ASSETS AND LIABILITIES

	31 December 2021	31 December 2020
a) Other current assets from third parties:		
Deferred Value Added Tax	53,104,934	37,485,137
Income accrual	3,824,839	2,997,838
Other	4,071	4,071
	56,933,844	40,487,046

NOTE 19 - SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

The Company adopted the registered share capital system available to companies registered to the CMB and set a limit on its registered share capital representing registered type shares with a nominal value of Kr1. The Company's historical authorized registered capital at 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Registered share capital (historical values)	80,000,000	80,000,000
Authorized registered share capital with a nominal	44,951,051	44,951,051

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

Shareholder	31 December 2021		31 December 2020	
	Share (%)	Share amount (TRY)	Share (%)	Share amount (TRY)
Yaşar Holding (A,B,C)	61.41	27,603,901	61.41	27,603,901
Public Part (C)	37.95	17,060,367	37.95	17,060,367
Other	0.64	286,783	0.64	286,783
Share capital	100.00	44,951,051	100.00	44,951,051
Adjustment to share capital		16,513,550		16,513,550
Total paid-in capital		61,464,601		61,464,601

Adjustment to share capital amounting to TRY16,513,550 (2020: TRY16,513,550) represents the remaining amount after net-off the accumulated losses of 2003 from the difference between restated (inflation adjusted) share capital and historical cost of share capital (before inflation adjustment).

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

Regarding to Capital Market Regulation, in Turkey companies have right to exceed registered capital thereby addition of all reserves to capital to increase registered capital amount one-time. On the other hand, registered capital amount is not exceeding through cash increase.

As of 31 December 2021, there are 4,495,105,125 (2020: 4,495,105,125) units of shares each with a face value of Kr1 each.

The Company's capital is composed of 172,800 units of A type shares and 126,000 units of B type shares and 4,494,806,325 units of C type shares, and the C type shares are traded on the ISE. Based on the Company's Articles of Association, the Board of Directors comprises five to nine members elected by the General Assembly from the Company's shareholders or from outside the Company personnel, in accordance with the provisions of the Turkish Commercial Code and the CMB Regulation. In the event the Board of Directors comprises of five members, three are elected from among candidates nominated by shareholders bearing A type shares, one from those nominated by shareholders bearing B type shares and one from those nominated by shareholders bearing C type shares. In the event the Board of Directors comprises of seven members, four are elected from among candidates nominated by shareholders bearing A type shares, two from those nominated by shareholders bearing B type shares, and one from those nominated by shareholders bearing C type shares. In the event the Board of Directors comprises of nine members, five are elected from among the candidates nominated by shareholders bearing A type shares, three from those nominated by shareholders bearing B type shares, and one from those nominated by shareholders bearing C type shares. Executive director can be appointed by Board of Directors in case of their decision. Moreover, the chairman of the board and the executive director are selected among shareholders of A type shares.

Board of Directors has authority to classify new shares as registered or bearer separately in accordance with the CMB regulations. Companies can increase their share capital by way of bonus issue to existing shareholders in proportion of their shareholding rates.

Retained earnings, as per the statutory financial statements, are available for distribution, subject to the legal reserve requirement referred to below:

The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the Company's share capital. The second legal reserve is appropriated at the rate of 10% all distributions in excess of 5% of the Company's share capital. Under TCC, 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.

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

- the difference arising from the "Paid-in Capital" and not been transferred to capital yet, shall be classified under the "Adjustment to Share Capital",
- the difference due to the inflation adjustment of "Restricted Reserves" and "Share Premium" and the amount has not been utilised in dividend distribution or capital increase yet, shall be classified under "Retained earnings". Other equity items shall be carried at the amounts in accordance with the CMB Financial Reporting Standards.

There is no use of capital correction differences other than being added to capital.

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

There is no use of capital correction differences other than being added to capital. Companies distribute dividends in accordance with their dividend payment policies numbered II-19.1 settled by CMB on 1 February 2014 and dividend payment decision taken in general assembly and also in conformity with relevant legislations.

The communiqué does not constitute a minimum dividend rate. Companies distribute dividend in accordance with the method defined in their dividend policy or articles of associations. In addition, dividend can be distributed by fixed or variable instalments and advance dividend can be paid in accordance with profit on financial statements of the company.

Within the framework of Articles of Association, after the loss from the previous year (if any) is deducted from the net profit for the period, the legal reserve and first dividend are set aside from the balance within the framework of the Capital Markets Regulation. Later, an amount up to 3% of the remaining amount can be allocated for facilities established in the company as per Article 522 of the Turkish Commercial Code, within the framework of the General Assembly decision. An amount up to 5% can be allocated to members of a board of directors as an allocation provision, based on the parameters the board of directors sets and thinks necessary. An amount up to 5% can be allocated for social aid, premiums (profits), bonuses, etc. as per board of directors decisions.

Unless the general reserves that has to be appropriated in accordance with TCC or the dividend to shareholders as determined in the articles of association or dividend policy are set aside; no decision can be taken to set aside other reserves, to transfer reserves to the subsequent year or to distribute dividends to holders of usufruct right certificates, to board of directors members or to employees; and no dividend can be distributed to those unless the determined dividend to shareholders is paid in cash. For the listed companies, dividend distribution is made evenly to all existing shares as of the date of dividend distribution without considering the date of issuance and acquisition of the shares.

Based on the decision of General Assembly meeting on 25 March 2021, the Company has decided to distribute TRY23,357,239 of the distributable net profit for the year 2020 as dividend and payments to boards. In context of this dividend distribution decision, the Company separated TRY2,110,969 as "Restricted Reserves".

NOTE 20 – REVENUE AND COST OF SALES

	1 January - 31 December 2021	1 January - 31 December 2020
Domestic sales	3,051,317,744	2,318,486,945
Export sales	421,987,016	307,693,250
Merchandise goods sales	475,451	96,440
Gross sales	3,473,780,211	2,626,276,635
Less: Discounts	(741,435,028)	(564,012,273)
Returns	(50,403,089)	(33,794,145)
Net sales	2,681,942,094	2,028,470,217
Cost of merchandise goods sold	(481,355)	(90,105)
Cost of goods sold	(2,333,345,120)	(1,766,269,227)
Cost of sales	(2,333,826,475)	(1,766,359,332)
Gross profit	348,115,619	262,110,885

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NOTE 21 - GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

	1 January - 31 December 2021	1 January - 31 December 2020
a) Marketing expenses:		
Advertisement	63,292,900	50,621,401
Staff costs	17,014,056	14,519,889
Consultancy	14,143,572	11,110,028
Outsourced services	12,435,120	10,222,254
Depreciation and amortization	9,616,939	4,876,906
Transportation	9,436,265	7,940,113
Repair and maintenance	7,005,907	5,913,297
Other	32,837,638	31,753,993
	165,782,397	136,957,881
b) General administrative expenses:		
Personel	18,692,186	10,863,342
Outsourced services	15,601,478	12,301,042
Consultancy charges	11,470,226	9,810,973
Depreciation and amortization	5,626,904	4,931,121
Termination benefits	3,947,811	2,524,800
Taxes (Corporate tax excluded)	3,122,629	2,859,871
Repair and maintenance	2,595,584	2,536,405
Energy	1,426,833	1,199,335
Other	3,640,140	8,083,879
	66,123,791	55,110,768
c) Research and development expenses:		
Staff costs	7,036,478	5,616,802
Repair and maintenance	6,837,894	5,939,820
Outsourced services	1,834,280	2,544,879
Depreciation and amortization	1,143,272	891,402
Other	1,001,871	1,126,103
	17,853,795	16,119,006

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NOTE 22 - OTHER INCOME/EXPENSES FROM OPERATING ACTIVITIES

	1 January - 31 December 2021	1 January - 31 December 2020
a) Other income from operating activities:		
Foreign exchange gain	143,850,382	26,993,671
Rent income	3,414,386	3,009,388
Interest income	1,772,611	1,705,530
Income from sale of auxiliary material and scrap	1,378,735	767,628
Insurance damage compensation	565,856	155,847
Other	266,108	362,004
	151,248,078	32,994,068
b) Other expense from operating activities:		
Interest expense	(19,896,958)	(13,621,113)
Foreign exchange loss	(5,793,592)	(5,093,235)
Donations	(404,737)	(4,131,420)
Other	(8,739,165)	(3,980,484)
	(34,834,452)	(26,826,252)

NOTE 23 - INCOME/EXPENSES FROM INVESTING ACTIVITIES

	1 January - 31 December 2021	1 January - 31 December 2020
a) Income from investing activities:		
Dividend income (*)	8,297,498	4,919,379
Maturity difference and interest income calculated over other receivables from related parties	5,512,394	4,127,562
Income from sales of property, plant and equipment	287,856	319,662
	14,097,748	9,366,603
b) Expense from investing activities:		
Loss from sales of property, plant and equipment	(3,806,707)	-
	(3,806,707)	-

(*) Note 5.ii.d.

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NOTE 24 - FINANCIAL INCOME/EXPENSES

	1 January - 31 December 2021	1 January - 31 December 2020
a) Financial income:		
Foreign exchange gain	4,334,665	12,457,713
Interest income	740,932	466,521
Bail income from related parties	10,828	968,881
	5,086,425	13,893,115
b) Financial expenses:		
Foreign exchange loss	(80,643,123)	(30,696,064)
Interest expense	(59,844,971)	(31,884,788)
Bail expense	(47,846)	(1,193,150)
Other	(1,729,977)	(5,683,323)
	(142,265,917)	(69,457,325)

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

As of 31 December 2021, and 2020, corporation taxes currently payable are as follows:

	31 December 2021	31 December 2020
Corporation taxes currently payable	2,030,083	606,104
Less: Prepaid corporate tax	(1,019,628)	(471,607)
Current income tax liabilities		
(Assets related to current period tax)	1,010,455	134,497

In Turkey, the corporation tax rate for 2021 is 25% (31 December 2020: 22%). According to Article 32 of the Corporate Tax Law No. 5520, the corporate tax rate is 20%. However, within the scope of Articles 11 and 14 of the Law No. 7316 on the Procedure for the Collection of Public Claims and Amending Certain Laws published in the Official Gazette dated April 22, 2021; With the temporary 13th article added to the Corporate Tax Law No. 5520, the 20 percent corporate tax rate will be applied as 25 percent for 2021 and 23 percent for 2022. The law will apply to corporate earnings for the taxation period starting from January 1, 2021.

Corporation tax is payable at a rate of 25% for 2021 (2020: 22%) on the total income of the Company after adjusting for certain disallowable expenses, exempt income (exemption for participation in subsidiaries, exemption for investment incentive allowance etc.) and allowances (e.g. research and development allowance). No further tax is payable unless the profit is distributed.

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

Dividends paid to on-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% (2020: 15%). With the President's Decision No. 4936 published in the Official Gazette dated 22.12.2021 and numbered 31697, the withholding tax rate applied from 15% to the profit shares distributed by fully taxpayer institutions has been reduced to 10%, effective as of 22.12.2021. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Corporations are required to pay advance corporation tax quarterly at the rate of 25% (2020: 22%) on their corporate income. Advance tax is declared by 17th and payable by the 17th (2020: 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.

Tax returns are open for 5 years from the beginning of the year that follows the date of filing, during when the tax authorities have the right to examine 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 future taxable income for 5 years.

In Corporate Tax Law, there are many exemptions for corporations, those related to the Company are explained below:

Dividend earnings of corporations from participation in the capital of another fully liable corporation (except for participation certificates of mutual funds and dividends obtained from shares of investment partnerships) are exempt from corporate tax.

The exemption to be applied over the capital gains derived by corporate taxpayers from the sale of immovable property held for at least two years is reduced from 75% to 50% by the regulation published in the Official Gazette on 5 December 2017. Therefore, the corporate and deferred tax calculations for the capital gains derived from the sale of immovable property in 2020, 2021 shall be 22% of the remaining 50%, and for 2021 and after 20% of the remaining 50%.

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.

In the determination of the Corporate Tax base, besides the exceptions mentioned above, the discounts specified in the relevant provisions of the Corporate Tax Law and the Income Tax Law are taken into account.

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NOTE 25 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Continued)*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 in the last day of the fiscal period when the circumstances defined in the 13th article occurred, 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 adjust in this respect, the taxes assessed in the name of the company distributing dividends in a disguised manner must be finalized and paid.

The reconciliation of tax expense is as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Profit before tax	120,348,032	29,639,473
Tax calculated at tax rates applicable to the profit	(30,087,008)	(6,520,684)
Expenses not deductible for tax purposes	(5,689,436)	(681,082)
Tax effect upon the results of investments-in-associates	8,114,164	3,464,127
Income tax due to dividends received from available-for-sale investments	2,074,375	1,082,263
Investment incentive effect	21,270,607	12,507,490
Other	1,320,302	695,866
Total taxation on income	(2,994,356)	10,547,980

Deferred income taxes

The company recognizes deferred income tax assets and liabilities based upon temporary differences arising between its financial statements are reported in accordance with the CMB Financial Reporting Standards and its tax purpose financial statements.

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

In accordance with the regulation numbered 7061, published in Official Gazette on 5 December 2017, "Law on Amendments to Certain Tax Laws and Some Other Laws", corporate tax rate for the years 2020 has increased from 20% to 22%. With the Law No. 7316 dated April 22, 2021 on the Collection of Public Receivables and Amending Certain Laws, the corporate tax rate for 2021 was increased to 25%. Within the scope of the aforementioned law, deferred tax assets and liabilities in the financial statements dated 31 December 2021 are calculated as 23 percent for the tax effect that will occur in the 2022 period and 20 percent for the part that will have a tax effect in the periods after 2022. The breakdown of cumulative temporary differences and the resulting deferred income tax assets/(liabilities) provided at 31 December 2021 and 2020 using the enacted tax rates at the balance sheet dates are as follows:

	31 December 2021		31 December 2020	
	Cumulative temporary differences	Deferred income tax assets/ (liabilities)	Cumulative temporary differences	Deferred income tax assets / (liabilities)
Revaluation of property, plant and equipment	1,272,583,894	(214,935,105)	399,251,909	(62,336,088)
Difference between carrying values (excluding revaluation reserve) and tax bases of property, plant and equipment and intangible assets	122,289,939	(24,658,713)	109,653,161	(22,131,357)
Difference between carrying value and tax bases of available for-sale investments	137,213,557	(7,230,197)	163,501,808	(8,123,802)
Unused tax credits (*)	166,457,735	51,474,390	184,486,311	55,791,469
Provision for employment termination benefits	(50,521,715)	10,104,343	(34,555,141)	6,911,028
Other	(182,690)	36,538	(4,157,777)	831,555
Deferred tax liabilities - net		(185,208,744)		(29,057,195)

(*) The Company has investment incentive certificate relating with modernization investment at Şanlıurfa, Eskişehir and İzmir facilities. As of 31 December 2021, based on the best estimate of the Company management, it is highly probable to utilize the deferred income tax asset upon investment incentive, amounted to TRY51,474,390 (2020: TRY55,791,469).

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

	2021	2020
1 January	(29,057,195)	(36,689,516)
Credited to statement of comprehensive income	(964,273)	11,154,084
Charged to actuarial gain/loss arising from defined benefit plans	784,605	1,530,725
Charged to fair value reserve of available-for-sale investments	893,035	(5,052,488)
Calculated on revaluation fund	(156,864,916)	-
31 December	(185,208,744)	(29,057,195)

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NOTE 26 - EARNINGS PER SHARE

		1 January - 31 December 2021	1 January - 31 December 2020
Profit for the year	A	117,343,109	40,187,453
Weighted average number of shares with a Kr1 face value (Note 19)	B	4,495,105,125	4,495,105,125
Earnings per share with a Kr1 face value	A/B	2,6105	0,8940

There are no differences between basic and diluted earnings per share. Since the General Assembly Meeting of the year 2021 has not been performed yet, dividend distribution decision has not been taken.

NOTE 27 - FINANCIAL INSTRUMENTS

Financial assets carried at fair value through other comprehensive income:

		31 December 2021	31 December 2020
Fair value difference			
assets recorded in other comprehensive income		176,161,024	187,912,982
		176,161,024	187,912,982

	31 December 2021		31 December 2020	
	TRY	(%)	TRY	(%)
Pınar Et	105,916,152	12.58	126,905,398	12.58
Çamlı Yem	37,689,366	5.47	29,261,809	5.47
Pınar Su	28,269,557	8.77	29,181,512	8.77
YDT	4,074,009	0.93	2,391,690	0.93
Bintur	192,579	1.33	153,212	1.33
Other	19,361	-	19,361	-
	176,161,024		187,912,982	

Pınar Et and Pınar Su are stated at quoted market prices as they are listed on ISE; YDT, Bintur and Çamlı Yem are stated at their fair values which are determined based on the discounted cash flows as of 31 December 2021 by using the market interest rates and the risk premium specific to unlisted companies within the related sectors.

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NOTE 27 - FINANCIAL INSTRUMENTS (Continued)

The discount and growth rates used in discounted cash flow models as at 31 December 2021 and 2020 are as follows:

	Discount Rate (%)		Growth Rate (%)	
	2021	2020	2021	2020
Bintur	25.84	19.61	1	1
YDT	24.87	18.76	1	1
Çamlı Yem	23.31	17.44	4	4

The movements of financial assets carried at fair value through other comprehensive income were as follows:

	2021	2020
1 January	187,912,982	85,837,114
Participation in capital increase of assets at fair value through other comprehensive income:		
Pinar Su	4,387,050	-
Reasonable value change:		
Pinar Et	(20,989,246)	76,924,225
Pinar Su	(5,299,006)	20,069,654
YDT	1,682,319	1,025,924
Bintur	39,367	174
Çamlı Yem	8,427,558	4,055,891
31 December	176,161,024	187,912,982

The movements of financial assets carried at fair value through other comprehensive income were as follows:

1 January	153,446,717	56,423,337
Fair value loss	(16,139,009)	102,075,868
Deferred income tax on fair value reserve of financial assets carried at fair value through other comprehensive income (Note 25)	893,035	(5,052,488)
31 December	138,200,743	153,446,717

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

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

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

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

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

a) Credit risk:

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements and in turn credit risks arises from cash and cash equivalents, deposits in banks and financial intuitions, as well as credit exposures to customers, including outstanding receivables and committed transactions. Majority of the Company's sales in domestic market are made to its investments in associate, YBP, and its exports are made to YDT which are both Yaşar Group Companies. In line with past experiences and current condition trade receivables are monitored by the Company Management and necessary provisions for impairment is recognized. The Company management believes that credit risk arises from receivables is well managed. The Company management believes that there is no risk for non-trade receivables from related parties since they are mainly comprised of receivables from shareholders. The credit risk analysis of the Company as of 31 December 2021 and 2020 are as follows:

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

31 December 2021

	Receivables				
	Trade Receivables (1)		Other Receivables		Bank Deposits
	Related Parties	Third Parties	Related Parties	Third Parties	
Maximum amount of credit risk exposed as of reporting date					
(A+B+C+D+E) (2)	781,316,457	8,426,944	33,689,615	3,227,574	40,151,641
- The part of maximum credit risk covered with guarantees	-	-	-	-	-
A. Net book value of financial assets not due or not impaired	508,581,492	8,286,504	33,689,615	3,227,574	40,151,641
B. Net book value of financial assets whose conditions are renegotiated , otherwise will be classified as past due or impaired (3)	-	-	-	-	-
C. Net book value of assets past due but not impaired (4)	272,734,965	140,440	-	-	-
- The part covered by guarantees	-	-	-	-	-
D. Net book value of assets impaired	-	-	-	-	-
- Past due amount (gross book value)	-	566,461	-	-	-
- Impairment amount (-)	-	(566,461)	-	-	-
- Collateral held as security and guarantees received	-	-	-	-	-
- Due amount (gross book value)	-	-	-	-	-
- Impairment amount (-)	-	-	-	-	-
- Collateral held as security and guarantees received	-	-	-	-	-
E. Off-balance items exposed to credit risk	-	-	-	-	-

(1) Notes 5 and 6.

(2) Unearned credit finance income and secured portions of due and overdue receivables are taken into consideration while determining aforementioned amounts.

(3) Considering the past experiences, the Company management believes that no additional credit risk for the collection of these receivables.

(4) Considering the past experiences and collections subsequent to the balance sheet date, the Company management does not foresee any collection problem for the overdue receivables (Notes 5 and 6).

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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		Bank Deposits
	Related Parties	Third Parties	Related Parties	Third Parties	
Maximum amount of credit risk exposed as of reporting date					
(A+B+C+D+E) (2)	489,417,806	4,312,730	28,958,680	1,596,829	299,640
- The part of maximum credit risk covered with guarantees	-	-	-	-	-
A. Net book value of financial assets not due or not impaired	354,278,362	3,690,965	28,958,680	1,596,829	299,640
B. Net book value of financial assets whose conditions are renegotiated , otherwise will be classified as past due or impaired (3)	-	-	-	-	-
C. Net book value of assets past due but not impaired (4)	135,139,444	621,765	-	-	-
- The part covered by guarantees	-	-	-	-	-
D. Net book value of assets impaired -					
- Past due amount (gross book value)	-	566,461	-	-	-
- Impairment amount (-)	-	(566,461)	-	-	-
- Collateral held as security and guarantees received	-	-	-	-	-
- Due amount (gross book value)	-	-	-	-	-
- Impairment amount (-)	-	-	-	-	-
- Collateral held as security and guarantees received	-	-	-	-	-
E. Off-balance items exposed to credit risk	-	-	-	-	-

(1) Notes 5 and 6.

(2) Unearned credit finance income and secured portions of due and overdue receivables are taken into consideration while determining aforementioned amounts.

(3) Considering the past experiences, the Company management believes that no additional credit risk for the collection of these receivables.

(4) Considering the past experiences and collections subsequent to the balance sheet date, the Company management does not foresee any collection problem for the overdue receivables (Notes 5 and 6).

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

31 December 2021	Receivables		
	Related Parties	Third Parties	Total
Past due 1 - 30 days	30,517,315	133,386	30,686,893
Past due 1 - 3 months	17,926,060	7,054	17,954,374
Past due 3 - 12 months	224,291,589	-	224,557,587
<i>The part of credit risk covered with guarantees</i>	-	-	-
	272,734,965	140,440	273,198,854

31 December 2020	Receivables		
	Related Parties	Third Parties	Total
Past due 1 - 30 days	27,788,597	494,631	28,283,228
Past due 1 - 3 months	23,034,680	126,069	23,160,749
Past due 3 - 12 months	84,316,167	1,065	84,317,232
<i>The part of credit risk covered with guarantees</i>	-	-	-
	135,139,444	621,765	135,761,209

b) Liquidity risk:

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

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

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

31 December 2021					
	Carrying value	Total cash outflows per agreement (=I+II+III)	Less than 3 months (I)	3 - 12 months (II)	1 - 5 years (III)
Contractual maturity dates					
Financial Liabilities					
Financial Liabilities	511,297,300	511,297,300	233,036,502	216,348,651	64,246,048
Trade Payables	670,586,282	670,586,282	61,919,118	58,237,864	10,429,300
Other Payables	9,049,038	9,049,038	9,049,038	-	-
	1,190,932,620	1,190,932,620	304,004,658	274,586,515	74,675,348

31 December 2020					
	Carrying value	Total cash outflows per agreement (=I+II+III)	Less than 3 months (I)	3 - 12 months (II)	1 - 5 years (III)
Contractual maturity dates					
Financial Liabilities					
Financial Liabilities	308,726,383	342,527,344	28,650,794	217,410,782	96,465,768
Trade Payables	460,049,754	460,049,754	392,764,165	48,800,000	18,485,589
Other Payables	18,425,450	18,425,450	-	18,425,450	-
	787,201,587	821,002,548	421,414,959	284,636,232	114,951,357

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. The Company minimizes the risk through balancing foreign currency denominated assets and liabilities. These risks are monitored by analyses of the foreign currency position. Current risks are discussed by the Audit Committee and the Board of Directors regularly and the foreign exchange rates relevant to the foreign currency position of the Company are mentioned.

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

	Foreign Currency Position							
	31 December 2021				31 December 2020			
	TRY Equivalent	USD	EUR	Other (TRY Equivalent)	TRY Equivalent	USD	EUR	Other (TRY Equivalent)
1. Trade Receivables	373,389,253	27,975,229	33,634	-	151,699,253	20,620,370	37,237	-
2a. Monetary Financial Assets (Cash, Bank accounts included)	84,173	2,444	3,420	-	48,747	2,444	3,420	-
2b. Non-monetary Financial Assets	-	-	-	-	-	-	-	-
3. Other	-	-	-	-	-	-	-	-
4. Current Assets (1+2+3)	373,473,426	27,977,673	37,054	-	151,748,000	20,622,814	40,657	-
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)	373,473,426	27,977,673	37,054	-	151,748,000	20,622,814	40,657	-
10. Trade Payables	36,310,103	850,288	1,651,209	-	56,154,820	1,510,693	5,002,895	-
11. Financial Liabilities	99,207,281	7,000,000	379,537	-	38,919,506	5,000,000	246,118	-
12a. Monetary Other Liabilities	-	-	-	-	-	-	-	-
12b. Non-monetary Other Liabilities	-	-	-	-	-	-	-	-
13. Short-Term Liabilities 10+11+12	135,517,384	7,850,288	2,030,746	-	95,074,326	6,510,693	5,249,013	-
14. Trade Payables	10,429,300	-	690,047	-	18,485,589	-	2,052,153	-
15. Financial Liabilities	10,992,448	-	727,307	-	6,466,925	-	717,917	-
16a. Monetary Other Liabilities	-	-	-	-	-	-	-	-
16b. Non-monetary Other Liabilities	-	-	-	-	-	-	-	-
17. Long-Term Liabilities 14+15+16	21,421,748	-	1,417,354	-	24,952,514	-	2,770,070	-
18. Total Liabilities 13+17	156,939,132	7,850,288	3,448,100	-	120,026,840	6,510,693	8,019,083	-
19. Net Foreign Currency Asset/(Liability) Position of Derivative Instruments (19a-19b)	-	-	-	-	-	-	-	-
19a. Amount of Hedged Asset	-	-	-	-	-	-	-	-
19b. Amount of Hedged Liability	-	-	-	-	-	-	-	-
20. Net Foreign Currency Asset/(Liability) Position (9-18+19)	216,534,294	20,127,385	(3,411,046)	-	31,721,161	14,112,121	(7,978,426)	-
21. Net Foreign Currency Asset/(Liability) Position of Monetary Items (TFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	216,534,294	20,127,385	(3,411,046)	-	31,721,161	14,112,121	(7,978,426)	-
22. Total Fair Value of Financial Instruments Used for Foreign Currency Hedging	-	-	-	-	-	-	-	-
23. Hedged amount for Foreign Currency Assets	-	-	-	-	-	-	-	-
24. Hedged amount for Foreign Currency Liability	-	-	-	-	-	-	-	-
25. Export	421,987,016	44,155,421	612,407	19,183,622	307,693,250	39,362,198	2,318,164	14,207,386
26. Import	33,851,966	-	3,233,651	-	62,184,960	-	7,746,236	-

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NOTE 28 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)**31 December 2021****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 - net	26,808,951	(26,808,951)	26,808,951	(26,808,951)
2- The part hedged for USD risk (-)	-	-	-	-
3- USD Effect - net (1+2)	26,808,951	(26,808,951)	26,808,951	(26,808,951)
Change of EUR by 10% against TRY::				
4- Asset/Liability denominated in EUR - net	(5,155,522)	5,155,522	(5,155,522)	5,155,522
5- The part hedged for EUR risk (-)	-	-	-	-
6- EUR Effect - net (4+5)	(5,155,522)	5,155,522	(5,155,522)	5,155,522
Change of Other Currencies by average 10% against TRY				
7- Assets/Liabilities denominated in other foreign currencies - net	-	-	-	-
8- The part hedged for other foreign currency risk (-)	-	-	-	-
9- Other Foreign Currency Effect - net (7+8)	-	-	-	-
TOTAL (3+6+9)	21,653,429	(21,653,429)	21,653,429	(21,653,429)

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

31 December 2020

	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 - net	10,359,002	(10,359,002)	10,359,002	(10,359,002)
2- The part hedged for USD risk (-)	-	-	-	-
3- USD Effect - net (1+2)	10,359,002	(10,359,002)	10,359,002	(10,359,002)
Change of EUR by 10% against TRY::				
4- Asset/Liability denominated in EUR - net	(7,186,886)	7,186,886	(7,186,886)	7,186,886
5- The part hedged for EUR risk (-)	-	-	-	-
6- EUR Effect - net (4+5)	(7,186,886)	7,186,886	(7,186,886)	7,186,886
Change of Other Currencies by average 10% against TRY				
7- Assets/Liabilities denominated in other foreign currencies - net	-	-	-	-
8- The part hedged for other foreign currency risk (-)	-	-	-	-
9- Other Foreign Currency Effect - net (7+8)	-	-	-	-
TOTAL (3+6+9)	3,172,116	(3,172,116)	3,172,116	(3,172,116)

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NOTE 28 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)**ii) Interest rate 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 2021	31 December 2020
<u>Financial instruments with fixed interest rate</u>		
Financial assets	857,061,714	524,647,830
Financial liabilities	1,178,087,132	749,209,522
<u>Financial instruments with floating interest rate</u>		
Financial liabilities	18,562,500	41,913,889

According to the interest sensitivity analysis carried out by the company, as of 31 December 2021, if there was a 1% increase in interest rates and all other variables remained constant, the net profit for the period was TRY185,625 less (31 December 2020: TRY419,139).

iii) Price risk

The profitability of the Company's operations and the cash flows generated by those operations are affected by changes in the raw material prices and market competition that are closely monitored by the Company management and precautions for cost efficiency are taken. The Company does not anticipate that prices of raw milk and other raw materials will change significantly in the foreseeable future and, therefore, has not entered into derivative or other contracts to manage the risk of a decline or increase in the prices of raw milk and other stocks and raw materials.

The current risks are properly monitored by Board of Directors and Audit Committee regularly in considering the need for active financial risk management.

d) Capital risk management:

The Company's objectives when managing capital 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 number of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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

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

	31 December 2021	31 December 2020
Financial liabilities	511,297,300	308,726,383
Less: Cash and cash equivalents (Note 4)	(40,250,260)	(361,785)
Net debt	471,047,040	308,364,598
Total equity	1,950,852,884	1,061,613,804
Net debt/equity ratio	24%	29%

The Company management regularly monitors the debt/equity ratio and updates when necessary.

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

Classification of financial assets

The Company classified financial assets and liabilities as available-for-sale investments, borrowings and receivables. Cash and cash equivalents (Note 4), trade receivables (Notes 5 and 6) and other receivables (Note 5) of the Company are categorized as loans and receivables; and measured at amortized cost using effective interest method. Available-for-sale investments of the Company are disclosed in Note 27. Financial liabilities, other financial liabilities (Note 13), trade payables (Note 6) and other payables (Note 5) are categorized as financial liabilities measured at amortized costs using effective interest method.

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

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies. However, 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 realize in a current market exchange.

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

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NOTE 29 - FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK MANAGEMENT DISCLOSURES) (Continued)***Financial assets***

The fair value of the foreign currency denominated amounts, which are translated by using the exchange rates prevailing at period-end, is considered to approximate their fair value. The fair values of certain financial assets carried at costs, including cash and due from banks, receivables and other financial assets are considered to approximate their respective carrying values due to their short-term nature. Available-for-sale investments are carried at their fair values. The fair values of available-for-sale investments which do not have quoted market prices in active markets, are determined by using general accepted valuation techniques or stated at cost, less a provision for impairment, if any, by assuming the carrying values do not differ materially from their fair values.

Financial liabilities

Fair values of bank borrowings are disclosed in Note 13.

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 except for the certain available for sale investments which are measured at cost less impairment, if any, as their fair values cannot be reliably estimated using generally accepted valuation techniques, 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) (Continued)

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

31 December 2021

	Level 1	Level 2	Level 3	Total
Assets:				
Financial investments	134,185,709	-	41,975,315	176,161,024
Total assets	134,185,709	-	41,975,315	176,161,024

31 December 2020

	Level 1	Level 2	Level 3	Total
Assets:				
Financial investments	156,086,910	-	31,826,072	187,912,982
Total assets	156,086,910	-	31,826,072	187,912,982

As of 31 December 2021, and 2020, there is no transfer between the Levels 1 and 3.

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

31 December 2021

	Level 1	Level 2	Level 3	Total
Tangible Assets:				
Land	-	403,737,267	-	403,737,267
Buildings and land improvements	-	245,054,319	-	245,054,319
Machinery and equipment	-	940,737,758	-	940,737,758
Total assets	-	1,589,529,344	-	1,589,529,344

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NOTE 29 - FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK MANAGEMENT DISCLOSURES) (Continued)**31 December 2020**

	Level 1	Level 2	Level 3	Total
Tangible Assets:				
Land	-	183,225,000	-	183,225,000
Buildings and land improvements	-	114,377,823	-	114,377,823
Machinery and equipment	-	426,957,150	-	426,957,150
Total assets	-	724,559,973	-	724,559,973

NOTE 30 - SUBSEQUENT EVENTS*Application of inflation accounting*

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

Domestic debt instrument issuance

At the Company's Board of Directors meeting dated January 18, 2022, with reference to the authorization in Article 7 of the Company's Articles of Association, titled "Issuance of Bonds and Other Securities"; 1. TRY150,000,000 (One hundred and fifty million Turkish Liras) in Turkish Lira, with a maximum maturity of 3 (three) years (including 3 years), in Turkish Lira, within the country, in one or more times, without being offered to the public, qualified Issuance of debt instruments to be sold to investors and/or privately, 2. Issuance of debt instruments to be issued with discount and/or fixed coupon or variable coupon depending on market conditions, Ziraat Bank, in order to determine all conditions including maturity, interest and additional rate of return and the method of sale, to determine distribution principles and collections, to complete the sale and to be traded in Borsa Istanbul A.Ş. Yatırım Menkul Değerler A.Ş. It has been decided to apply to the Capital Markets Board for issuance certificate approval in order to fulfill the necessary applications and transactions before all relevant authorities, including the conclusion of a contract with the Capital Markets Board.

Negotiations with Tek Gıda İş Union

The collective bargaining agreement between the Company and Tek Gıda İş Union has expired as of 31 December 2021 and negotiations for the new period are continuing.

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INFORMATION FOR INVESTORS

Stock Market

The shares of Pınar Süt Mamulleri Sanayii A.Ş. are traded on the Borsa İstanbul Main Market under the symbol PNSUT.

Public Offering Date: 03.02.1986 (first transaction date)

Ordinary General Meeting

In line with the decision taken by the Board of Directors of Pınar Süt Mamulleri Sanayii A.Ş., the Ordinary General Assembly meeting of the Company will be held on Tuesday, March 29, 2022, at 10.30 at Altın Yunus Çeşme Turistik Tesisleri in Altın Yunus Mah. 3215 Sok. No: 38 Çeşme/Izmir.

Dividend Distribution Policy

The Dividend Distribution Policy for 2013 and subsequent years prepared in line with the Capital Market Legislation of Pınar Süt Mamulleri Sanayii A.Ş. was submitted for the approval of the 2013 Ordinary General Assembly and disclosed to the public, and this information is available on the corporate website (www.pinar.com.tr) on the investor relations page both in Turkish and English.

Investor Relations

Pınar Süt Mamulleri Sanayii A.Ş.

Investor Relations Department

Yunus Emre Mah. Kemalpaşa Cad. No: 317 Bornova - İzmir

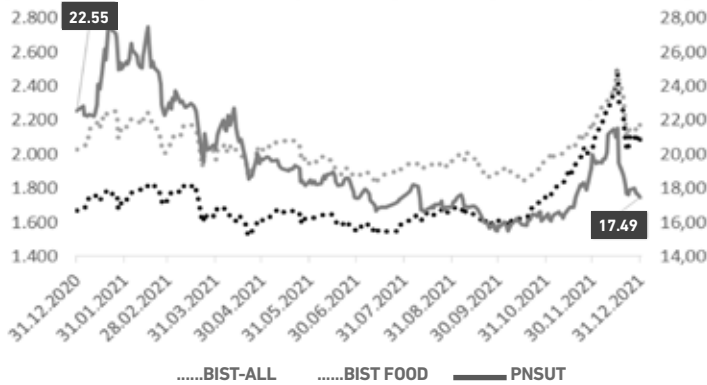
Phone: (232) 436 15 15 and (232) 495 00 00 Fax: (232) 484 17 89

E-mail: investorrelations@pinarsut.com.tr

To access Pınar Süt investor relations website:



(Compared to BIST ALL and BIST FOOD, BEVERAGE Index)



INFORMATION FOR INVESTORS

Stock Market

The shares of Pınar Süt Mamulleri Sanayii A.Ş. are traded on the Borsa İstanbul Main Market under the symbol "PNSUT".
Public Offering Date: 03.02.1986

Ordinary General Assembly Meeting

In line with the decision taken by the Board of Directors of Pınar Süt Mamulleri Sanayii A.Ş., the Ordinary General Assembly meeting of the Company will be held on March 29, 2022, Tuesday, at 10:00 at the Altın Yunus Çeşme Turistik Tesisler in Altın Yunus Mah. 3215 Sok. No:38 Çeşme/Izmir.

Dividend Distribution Policy

The Profit Distribution Policy of Pınar Süt Mamulleri Sanayii A.Ş. for 2013 and subsequent years, prepared in line with Capital Market Legislation, was submitted for the approval of the Ordinary General Assembly of 2013 and disclosed to the public. The said information available on the Company's corporate website (www.pinar.com.tr) can be accessed in Turkish and English on the investor relations page.

Investor Relations

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Performance of Pınar Süt Stock

