



Yasar

Relevant Accounting Period of the Report

01.01.2020 - 31.12.2020

Trade Name

Pınar Entegre Et ve Un Sanayii A.Ş.

Trade Registry Office and Number

Izmir Trade Register 45251 K: 1912

Upper Limit of the Registered Capital

100,000,000 TL

Paid-in Capital

43,335,000 TL

Contact Information**Headquarters and Factory**

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Website - Social Media

www.pinar.com.tr

www.guzelyasa.com.tr

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facebook.com/illakipinarsucuk

facebook.com/pinaracbitir

facebook.com/pinarguzelyasa

facebook.com/pinarlayasam

facebook.com/pinarlezzetfikirleri

instagram.com/illakipinarsucuk

instagram.com/pinaracbitir

instagram.com/pinarguzelyasa

instagram.com/pinarlayasam

instagram.com/pinarlezzetfikirleri

twitter.com/pinarguzelyasa

twitter.com/pinarlayasam

youtube.com/pinarlezzetfikirleri

pinterest.com/pinarlezzetfikirleri



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With its 35-year history and high brand awareness, Pinar Et sets the trends in the sector with the new products it launches into the market.



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

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

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

Most Known Brands in Different Industries

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

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

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

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

An Approach That Values the Environment and Society

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

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

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



Message from the Chairperson of the Board

Our company manufacturing in hygienic conditions registered with EU standards and certificates, continues its leading position in the growing market.

Dear Shareholders,

In 2020, which had already begun briskly amid numerous economic and political factors, we witnessed many unforeseen changes once the COVID-19 epidemic, spread rapidly from China, had turned the entire world's balance upside down. Yet as a result of the positive results obtained from studies on the virus in the pharmaceutical industry and the discovery of a vaccine, we fully expect to overcome this period altogether.

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

In Turkey Meat Production is Increasing

In the food sector, providing services to one of the most important requirements for Humanity Turkey's first integrated meat facility with Pınar Et has been operating for 35 years without compromising quality. Adding frozen organic meat and frozen vegetable-based product categories to delicatessen, frozen meat and meat products, frozen bakery products and frozen seafood categories in 2020, our company continues its activities with innovative products developed in accordance with the needs and expectations of its consumers.

According to the Turkish Statistical Institute animal production statistics, the total number of animals showing an increase of 8.8% over the past year has reached 72.5 million head count. The number of bovine animals increased by 1.6% compared to the previous year and reached 18 million 158 thousand, while the number of small cattles increased by 11.6% to 54 million 113 thousand. During this period, there was a 13% increase in the number of sheep that are in the group of small cattles. While the number of slaughtered turkeys was 6.1 million, turkey meat production was 58,212 tons (TÜİK, 2020, Poultry Production, December 2020).

In terms of consumption, growth in turnover and tonnage basis continued in 2020 in the delicatessen market, which is one of the subcategories. According to Nielsen data, turnover in the total processed meat market in Turkey reached 3.3 billion TL with a 34% increase compared to the previous year, while tonnage growth was 17%. In processed meat products market, 31% is salami, 21% is sausage and 41% is sausage products in tonnage (Nielsen, Excluding BİM, 2020).

Our Leading Position Continues

Our company manufacturing in hygienic conditions registered with EU standards and certificates, continues its leading position in the growing market. Our company completed the year 2020 with a 17.7% turnover share in the total processed meat market (Nielsen, 2020, excluding BIM). Pinar Et, which grew by 12.5% in net sales revenue compared to last year, reached a turnover of 841.3 million TL. Our company's net profit for the period was 95.3 million TL, which made a gross profit of 144.3 million TL.

New Products, New Markets

Reaching more than 20 countries with its product range for different tastes, our company entered the markets of Australia, Kazakhstan, Georgia and Canada in 2020. We increased our trade volume by offering seafood and vegan products in 2020 to the US market, where we entered with frozen bakery products in 2019. We added new delicatessen products to the Iraqi market. As a result of the works we have carried out, our export revenue for 2020 was 5.4 million USD.

Healthy and Innovative Products

The COVID-19 pandemic process has driven consumers more towards healthy and immune-boosting diets. As the demand for organic nutrition increased, vegetable-based protein sources as well as animal protein sources began to be appeared in the nutrition lists. Closely monitoring consumer needs and trends, our Company has added two new categories to its product category: frozen organic meat products and frozen vegetable-based products. In 2020, we also introduced a total of 34 new products, including 13 retail, 3 private customers, 14 export and 4 EDT channels.

78% of Pinar Et's sales in 2020 were made through Yaşar Birleşik Pazarlama, which reached 155 thousand sales points in total, while the share of the direct channel was 18% and the share of exports was 4%.

We Believe in the Power of Communication

In 2020, when the pandemic changed our lifestyle, we carried out different projects to promote our new products and to strengthen our bond with our consumers. While emphasizing the 'feeling of longing for our loved ones' in Ramadan communication through Pinar Flavor Ideas, we carried out recipes, competitions and product communications on social media for our consumers who want to make their time at home enjoyable. We shared healthy and well-living contents with our consumers on the Live Well Platform. In addition, the "Barrier-Free Communication Line" for visually impaired individuals was put into service through Pinar Communication Center.

Our company which prioritizes quality, customer satisfaction and productivity in the production-environment-human cycle in its investments, made a total investment of 30.3 million TL in 2020. The increase in e-commerce volume in 2020 with the effect of the pandemic process has accelerated the efforts of Pinar Et's e-commerce sales channel. It is aimed to complete work on product positioning, establishment of information technology infrastructure and distribution model in 2021.

Efficiency and Environment Focused Studies

Our company saved nearly 2 million TL by using approximately 36,571 kg less plastic and 13,412 kg less paper in existing packaging materials with the optimization studies carried out in the R&D center, which is the first of its sector.

As Pinar Et, we strive to keep the environmental impact of our products at the lowest level at different stages from raw material supply to logistics, from consumption to recycling and waste disposal, with the goal of a sustainable future. Besides, through the application We have made to the Ministry of Environment and Urban Planning, we have started the process in order to obtain a "Zero Waste Certificate".

Quality Oriented Product and Service

Our company, which prioritizes quality in all business processes, has successfully completed 52 different audits required for Turkey and export markets in 2020. With the precautions and effective practices we took during the pandemic period, we became the first company in the sector to receive TSE COVID-19 Safe Production Certificate. We continued to implement supplier cooperation, selection and inspection without compromising our principles, with the aim of maintaining trust in the Pinar brand and offering consumers delicious and healthy products.

While continuing our activities aimed at increasing the personal, professional and management skills of our employees with our "People First" approach, we also took the health of our employees under protection with the practices we implemented.

Our Social Responsibility Studies

Although social life was severely interrupted in 2020 due to the pandemic, our social responsibility efforts continued. While Pinar Children's Theater was suspending its play named "Game Machine" as of March due to the pandemic, it continued to meet with our children who love theater on our Youtube channel "Everything is for Our Children". Pinar Children's Painting Workshop reached children by moving their works to the digital platform after the tour, which they had to take a break. 5,685 paintings participated in the International Pinar Children's Painting Contest in 2020.

Our support to sports continues for 22 years with the name sponsorship of the Pinar Karşıyaka Basketball Team and the contribution we provide to our children to play sports in the infrastructure of the Karşıyaka Basketball Branch. We plan to continue our projects that support the development of society in 2021 as well.

I would like to express my gratitude to our shareholders, consumers, customers, employees and suppliers who have contributed to all our business processes throughout 2020.

Respectfully yours,

Emine Feyhan Yaşar
Chairperson of the Board of Directors

Board of Directors

EMİNE FEYHAN YAŞAR
CHAIRPERSON



İDİL YİĞİTBAŞI
VICE CHAIRPERSON



MUSTAFA SELİM YAŞAR
MEMBER



KEMAL SEMERCİLER
INDEPENDENT MEMBER



SEZÂİ BEKGÖZ
INDEPENDENT MEMBER



YILMAZ GÖKOĞLU
MEMBER



CENGİZ EROL
MEMBER



Resumes of the Board of Directors are included on pages 39-40.

Senior Management and Committees

BOARD OF DIRECTORS AND TERM OF OFFICES

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

Limits of Authority:

Both the Chairperson and the Members of the Board of Directors have the powers specified in the relevant articles of Turkish Commercial Code and the 10th and 11th articles of our Articles of Association.

Corporate Governance Rating:

Pınar Et's corporate governance rating was revised upward in 2020 and increased to 9.36 out of 10.

SENIOR MANAGEMENT

NAME AND LAST NAME	POSITION
TUNÇ TUNCER	GENERAL MANAGER
ORKUN NALDELEN	FINANCIAL AFFAIRS AND FINANCE DIRECTOR

COMMITTEE RESPONSIBLE FOR AUDITS

NAME AND LAST NAME	POSITION
KEMAL SEMERCİLER	HEAD OF COMMITTEE
SEZAİ BEKGÖZ	MEMBER

CORPORATE MANAGEMENT COMMITTEE

NAME AND LAST NAME	POSITION
KEMAL SEMERCİLER	HEAD OF COMMITTEE
CENGİZ EROL	MEMBER
YILMAZ GÖKOĞLU	MEMBER
TOLGA BAĞCI	MEMBER

EARLY DETECTION OF RISK COMMITTEE

NAME AND LAST NAME	POSITION
KEMAL SEMERCİLER	HEAD OF COMMITTEE
YILMAZ GÖKOĞLU	MEMBER
CENGİZ EROL	MEMBER

Pinar Et at a Glance and 2020

Pinar Et continues its investments and growth.



First private enterprise integrated meat facility

Production in accordance with Turkish Food Codex and EU standards

Backward integration in turkey

APPROXIMATELY

350

PRODUCTS IN

8

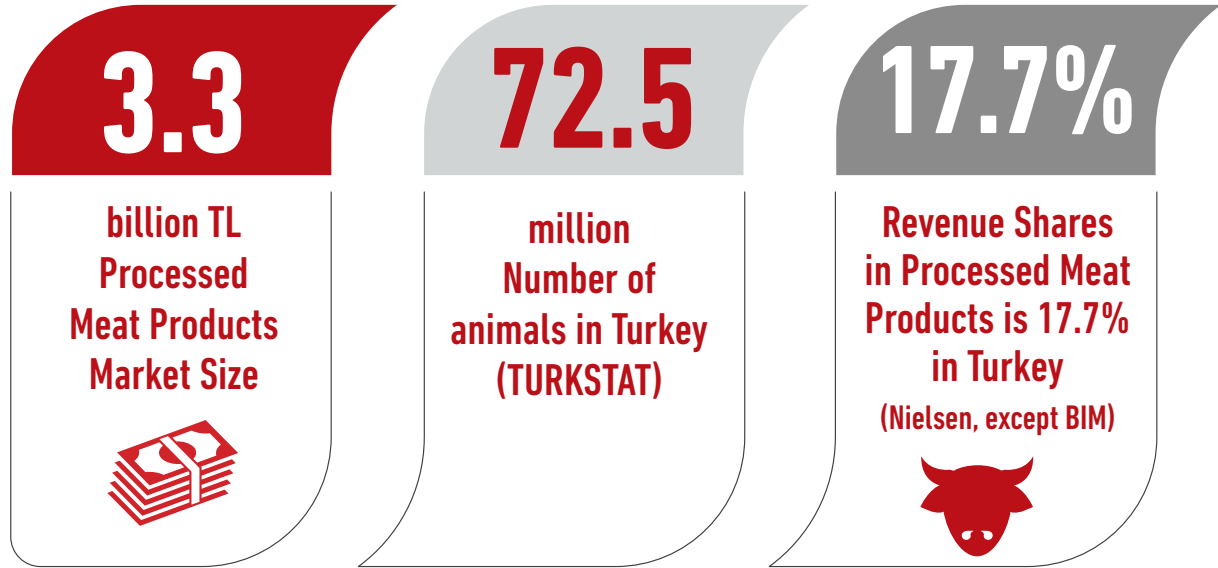
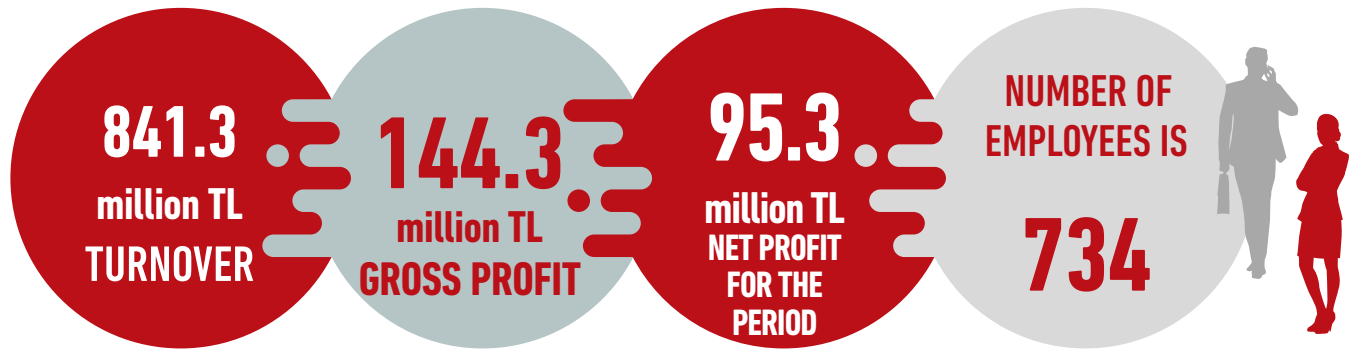
CATEGORIES



50 thousand m² indoor

259 thousand m² outdoor

PRODUCTION IN THE FIELD



2020 FINANCIAL PERFORMANCE

(Million TL)	01.01.2020-31.12.2020	01.01.2019-31.12.2019
Net Sales	841.3	747.9
Gross Profit	144.3	114.5
Gross Profit Margin	17.1%	15.3%
Net Profit	95.3	46.2
Net Profit Margin	11.3 %	6.2%
(Million TL)	31.12.2020	31.12.2019
Shareholder's Equity	781.3	654.7
Assets	1,107.0	849.7
Total Liabilities/Equity Ratio	0.42	0.30

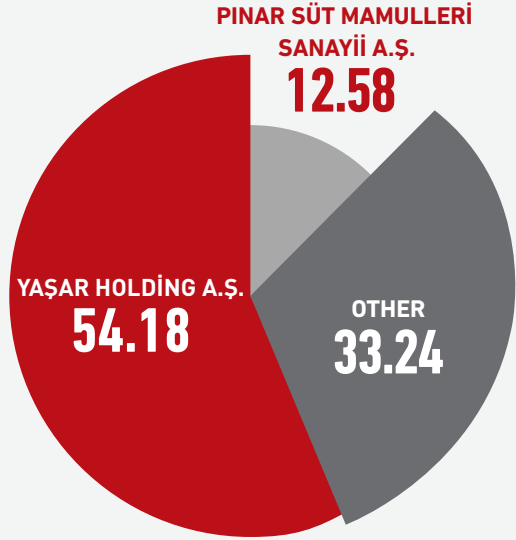




Company Profile

Pınar Et continues to develop products and applications that guide the sector with its goal of sustainable growth based on efficiency.

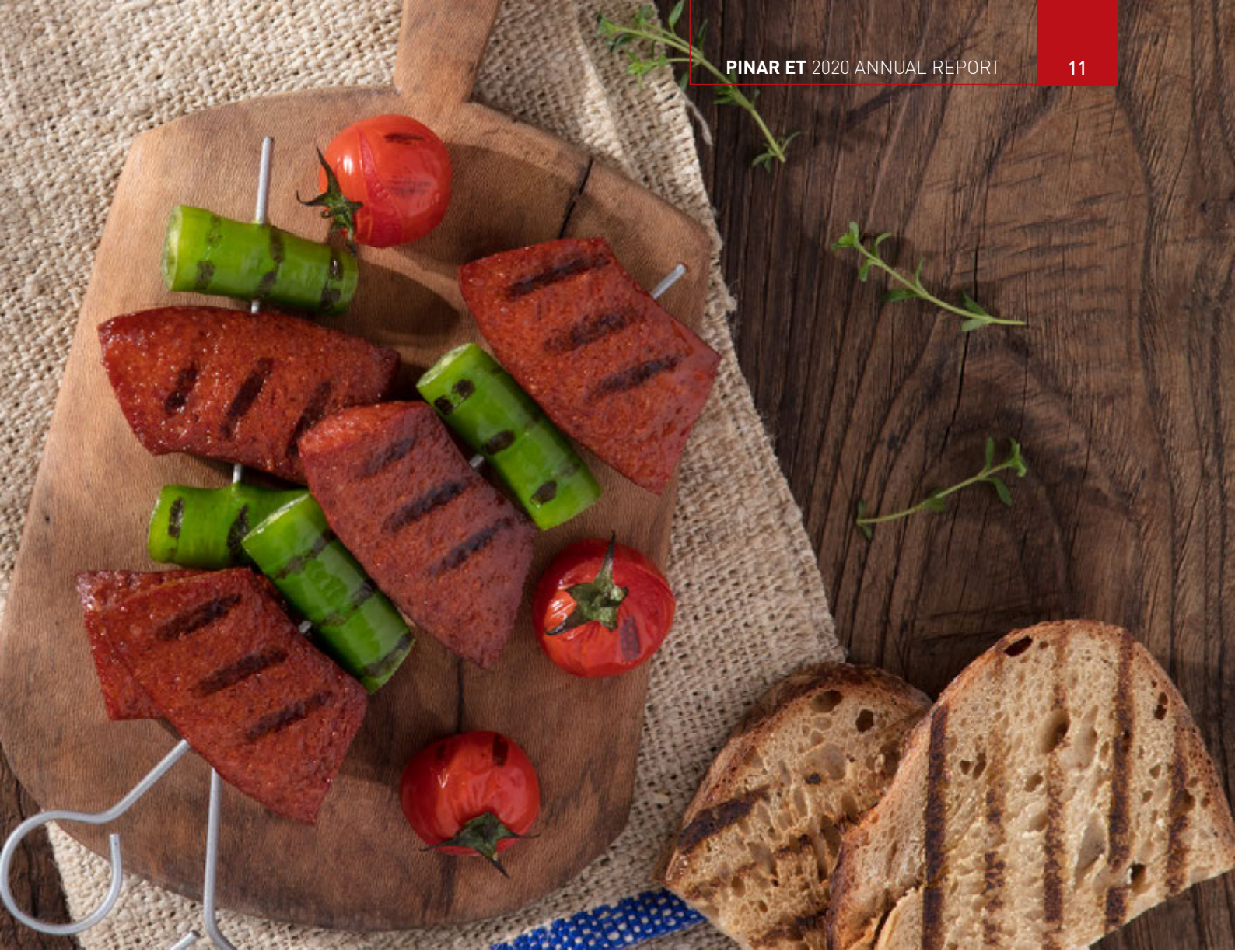
SHAREHOLDING STRUCTURE OF PINAR ET (%)



Shareholders	Share Rate (%)	Share Amount (TL)
YAŞAR HOLDİNG A.Ş.	54.18	23,476,894.71
PINAR SÜT MAMULLERİ		
SANAYİİ A.Ş.	12.58	5,451,752.25
OTHER	33.24	14,406,353.04
Total	100.00	43,335,000.00

Pınar Et's shares are traded on the Borsa İstanbul Yıldız Market under the ticker "PETUN".

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



Pınar Et, the pioneer of the modern meat industry in Turkey, continues its activities as a member of Yaşar Group, one of the largest and most respected groups in our country. Pınar Et, which has been offering health and taste to its consumers for 35 years, continues its leading position in the frozen meat, frozen seafood and delicatessen markets as Turkey's first private enterprise integrated meat plant.

Continuing its activities without compromising its responsible producer identity, Pınar Et produces its high quality and innovative products in hygienic production facilities and offers them to consumers. Pınar Et, which determines its production strategy by closely following changing consumer trends, introduces the food sector in Turkey to many firsts. Company continues to grow by adding new varieties to its wide product portfolio every year in the categories of delicatessen, frozen meat products, frozen bakery products, frozen seafood, frozen organic meat products, frozen vegetable-based products, canned meat products and unprocessed meat products. Pınar Et, which creates different segments with the new products it offers to the market, also sets trends in the sector.

Working with high brand awareness and brand reliability on the basis of sector and consumer, Pınar Et produces modern integrated red meat, integrated turkey, processed seafood and by-products production facilities in accordance with the Turkish Food Codex and EU standards. The company, which produces in safe, healthy and hygienic conditions by using high quality management systems at every stage of its business processes, successfully passes more than 50 different audits required for Turkey and export markets every year. Pınar Et, having the advantage of working with Yaşar Birleşik Pazarlama (YBP), a company of Yaşar Group, for the distribution activities to be in the same perfection with all business processes serves with Turkey's latest technology, the distribution network throughout Turkey and Turkey's largest cold and frozen distribution chain.

With the awareness that environmental and social sustainability play an important role in achieving sustainable growth and strong economic performance, the Company sets its corporate strategy and goals based on this idea. In accordance with Yaşar Group's principle of "giving to society what it receives from society", Pınar Et supports art, education, sports, the environment and the preservation of a sustainable life.



Competitive Advantages

Pinar Et, which focuses on quality, customer satisfaction and efficiency, operates with the advantage of high reliability and recognition in its sector.

Its vision combined with its production power and sectoral experience in which modern technology is used effectively and its responsible and reliable producer identity puts Pinar Et one step ahead of the competition.

Pinar Et maintains its pioneering position in its sector with its R&D and marketing efforts, widespread distribution-supply chain, healthy and high-quality products in order to develop products that meet the changing demands and needs of its consumers. Contributing to the development of the sector, the Company makes a difference with continuous improvements in its products and business processes.

HIGH BRAND AWARENESS

- One of Turkey's most admired companies in the sector
- One of the most innovative brands in Turkey
- Innovative and pioneering identity

QUALITY AND SAFE PRODUCTION

- Approximately 350 SKU
- Strong R&D Centers
- Hygienic production in EU standards
- Rooted technical experience and sectoral knowledge
- Food safety and quality in all business processes
- Production process registered with documents and certificates
- The first company in the meat sector to receive TSE COVID-19 Safe Production Certificate
- vZero Waste Certificate

STRONG DISTRIBUTION AND SUPPLY CHAIN

- The power of Yasar United Marketing, Turkey's largest cold and frozen distribution chain
- Distribution, marketing and sales experience in foreign markets
- International production and sales experience due to the fact that international brands are suppliers of meat and meat products
- 155,000 sales points
- Synergy coming with the joint distribution of milk and meat products
- Purchasing activities spread across 6 regions
- Strong cooperation with farmers
- Protection against risks with partial backward integration

Innovative production power supported by technology, vision integrated with deep-rooted experience, responsible and reliable producer identity make Pinar Et, which maintains its leading position in the sector, different in competition.



8

CATEGORIES

DELICATESSEN

Soudjouk
Salami
Sausage
Ham
Smoked Meats
Roasting
Pastrami

FROZEN BAKERY PRODUCTS

Pizza
Custard Slice
Pasty
Patty
Boyoz

FROZEN MEAT PRODUCTS

Burger
Meatball
Coated Meat Products

FROZEN SEA FOOD

Shrimp
Squid
Anchovy, Sardines and
Haddock Products
Coated Seafood

FROZEN ORGANIC MEAT PRODUCTS

Organic Burger

OTHER FROZEN PRODUCTS

Falafel
Vegetable Balls
Cheese Croquet

**UNPROCESSED MEAT PRODUCTS**

Unprocessed Turkey Meat
Unprocessed Beef and
Lamb Meats

**CANNED MEAT PRODUCTS**

Canned Turkey Fillet

Pinar Et Products

Offering solutions suitable for changing consumer needs, Pinar Et continues to enrich its product portfolio in different categories every year.



ABOUT

350
PRODUCTS


34

NEW PRODUCTS



Appropriate Innovations to Changing Trends

Pinar Et, adding two new categories for consumers who prefer organic and vegetable-based diets, introduced 34 new products to the market in 2020.



Closely following the industry and consumer trends, Pinar Et launched 34 new products specially developed for 13 retail, 3 private customers, 14 export and 4 out-of-home channels in 2020.

Vegetable Balls and Falafel

Pinar Et, which has added two new categories as organic and vegetable-based products to its existing product portfolio, has introduced vegetable balls and Falafel products to consumers who care about healthy living and prefer vegetable-based products in their nutrition.

Organic Burger

Pinar Et, which got involved in the organic product category in 2020 with organic burgers, offers a healthy burger meat option to consumers in Turkey and export markets with its new product consisting only of meat and salt.

New Brands

Increasing its share with enhancing number of products in the growing discount market, Pinar Et created different sub-brands to compete with "private label" with its salami, soudjouk, sausage and smoked products especially in the delicatessen category. In 2020, the company started to take place in discount markets with its "Açıkbufe" and "Lezzet Keyfi" sub-brands.

Special for Export Channel

Continuing to develop new flavors in the frozen products category, Pinar Et has developed three new pastries specific to the region with the acceleration of its sales in the American market in 2020. 800 g Tray Pastry with Three Cheese, 800 g Tray Pastry with Labne Cheese and Spinach and 800 g Tray Pastry with Cheese, pastry products were made ready to be placed in the markets.

Market studies of Margherita Pizza, prepared for Iraq, HDF and America, were also completed in the first months of 2021. Truva sub-branded meatball family, sold in the Iraqi market, was re-launched with the Pinar brand, and the new member of the family, Pinar Hindi Burger, was launched.

In the delicatessen category, Pinar Et met its consumers with 6 new products in 2020. Considering the Iraqi market needs, 1000 g of Sliced Turkey Sausage was introduced for the out-of-home consumption channel and retail channel to be used in products such as pizza. Pinar Et introduced 110 g Gurme Smoked Turkey Breast, and 90 g Gurme Pastrami sliced products to the market during the year. Catering Smoked Turkey product, which is needed in export markets and produced exclusively for the out-of-home consumption channel, was added to the smoked turkey breast family. In 2020, Pinar Et further enriched its wide delicatessen portfolio with Beef Spicy Soudjouk and Beef Barbeque Spicy Soudjouk products to introduce the traditional Turkish delicatessen flavor 'soudjouk' to large masses in export markets.



Sector Overview

The total number of animals at the end of 2020 in Turkey increased by 8.8% compared to last year and amounted to 72.5 million heads.



According to statistics of animal production of the Turkish Statistical Institute (TURKSTAT), the total number of animals at the end of 2020 increased by 8.8% compared to last year and amounted to 72.5 million heads. The number of cattle increased by 1.6% compared to last year and was 18 million 158 thousand. The number of small cattles increased by 11.6% compared to the previous year and was recorded as 54 million 113 thousand. During this period, there was a 13% increase in the number of sheep from small cattles (TURKSTAT, Animal Production Statistics, December 2020).

MEAT PRODUCTION

In 2020 the total processed meats market in Turkey on the basis of turnover compared to the previous year has increased by 34% and reached 3.3 billion TL. The growth on the basis of tonnage was 17%. Of the processed meat



products market, 31% is consisted of salami, 21% of sausage and 41% of soudjouk products. During the year, there was significant growth in the market, particularly in the sausage segment (Nielsen, Excluding BİM, 2020).

While the number of slaughtered turkeys was 6.1 million, turkey meat production was 58,212 tons (TURKSTAT, 2020, Poultry Production, December 2020).

CHANGING CONSUMPTION HABITS

With the preference of foods that are easy to consume, practical, smaller portioned around the world, the increase in healthy and natural nutrition trends transforms the meat industry as well as all food industries.

With the healthy eating trend coming to the fore, meals that are delicious as well as nutritious has begun to be preferred more. As a reflection of urbanization and the increase in the number of working women, the preference of ready meals comes to the forefront, with the increasing awareness of healthy eating, the interest in ready-made options that will meet the daily protein need is also increasing. As well as red meat, which has an important place in meeting the protein need, turkey meat has started to be preferred more because of its healthy and high protein content. Awareness and demand for certified organic meat products have increased rapidly in recent years. With its beneficial ingredients, seafood is among the foods whose consumption is increasing today. In addition, vegetarian and vegan diets have become increasingly popular in many developing countries for health and ecological reasons. All these developments brought about the increase in the packaged product portfolios of food manufacturers offered in smaller portions at the global level and the birth of new product alternatives.

The COVID-19 pandemic, which affected the whole world in 2020, caused consumers to move towards high-quality and immune-enhancing diets much more intensely than before. While the demand for organic and healthy nutrition has increased, there has been an increase in dietary habits based on vegetable-based protein as well as animal protein sources.

Significant transformations in the out-of-home catering sector have also drew attention in global markets. While preserving traditional flavors, different alternatives of these flavors that can be prepared quickly were offered to consumers. In parallel with the increase in the use of online shopping channels, which are preferred to avoid contact, especially during the pandemic period, there is a continuous increase in e-commerce volume. With e-commerce platforms becoming widespread and gaining more players day by day, customer habits and expectations are also changing rapidly. Keeping up with this change has become an inevitable necessity for companies of all sizes and sectors. The growth of e-commerce FMCG, which was 57% before the pandemic, took place 159% in the period when COVID-19 spread rapidly, and 130% in the period called "The New Normal" when a more controlled life was preferred in the fight against the pandemic (Nielsen, Global E-commerce Report, 2020). The turnover share of the FMCG sector in e-commerce increased to 16% (IPSOS FMCG, 2020). Online e-commerce transactions in Turkey increased by 64% compared to the previous year on the basis of TL and increased to 91 billion 700 million TL in volume in the first half of 2020 (E-commerce Information Platform, 2020).

In 2020, the tourism sector experienced a serious contraction both in the world and in Turkey due to the pandemic. As of the end of 2020, tourism revenue decreased by 76% compared to the previous year and amounted to 8 billion 145 million 561 thousand US dollars (TURKSTAT, Tourism Statistics, December, 2020). With the decrease in the accommodation sector, the out-of-home consumption sector contracted compared to 2019 due to restrictions in on-site consumption points such as cafes and restaurants and limited services. In the first half of 2020, the segment of fresh and frozen meat products consumed in the out-of-home consumption channel contracted by 37% in volume, while turnover decreased by 23% (ETUDER-IPSOS H1, 2020).

EXPORT TO MORE THAN
20
COUNTRIES

17.7%
MARKET SHARE

Maintaining its leading position in many categories in which it produces at international standards, in 2020, Pinar Et completed the year with a turnover share of 17.7% in the total processed meat market. Continuing its production in accordance with the Turkish Food Codex and EU standards, the Company's closest competitor has a turnover share of 11.6%. (Nielsen, 2020, except BİM)

With a turnover of 841.3 million TL in 2020, Pinar Et grew by 12.5% compared to the previous year. The company, which created a gross profit of 144.3 million TL in 2020, completed the year with a net profit of 95.3 million TL. Capacity utilization rate was 65% in 2020. Having spent 30.3 million TL in fixed assets, the Company will continue its investments in 2021.

Benefiting from state incentives and related tax advantages in accordance with the "Implementation and Audit Regulation on Supporting Research and Development Activities", the Company also provided incentives within the scope of the Turquality project implemented by the Undersecretariat of Foreign Trade to brand Turkish products abroad and to establish the image of Turkish goods. In addition, it was given support to agricultural products within the scope of export and export freight support.

INTERNATIONAL MARKET STUDIES

Reaching the markets of more than 20 countries, Pinar Et entered the markets of Australia, Kazakhstan, Georgia and Canada in 2020 and earned an export revenue of 5.4 million USD. The company, which added seafood and vegan products to the United States market, which it entered with its frozen bakery products in 2019, has also developed its commercial relations volumetrically with the USA.

In 2020, Pinar Et continued its activities with the aim of increasing the sales of modern presentations of traditional products of Turkish cuisine culture in the form of frozen products in all export markets, especially in the Gulf countries, by implementing different product activities.

FUTURE GOALS

Pinar Et, continuing to deliver high quality and delicious meat, bakery products and vegetable-based products to its consumers uninterruptedly, aim to improve its feature of being supplier of global branded food retailers by adding new brands to its portfolio.

Pinar Et aims to increase its brand awareness by expanding its growth area in export markets, especially with flour products and vegetable-based products. The company increasing the effectiveness of using digital media in communications with consumers in Turkey's and overseas markets day by day, plans to have data-based marketing processes by focusing on artificial intelligence supported research uses which began in 2020.

Activities of 2020

Pinar Et reinforces its leading position in the market every year with its innovative products and correctly positioned marketing and sales processes.



Pinar Et Consumers and Customers

Pinar Et, which established its marketing strategy on the principle of “healthy living”, conducts brand management, new product development and evaluation of new business lines.

Considering different consumer trends and tastes, Pinar Et develops ‘health’ and ‘quality’ oriented products as a result of long researches and analyzes, and constantly improves all its business processes to produce better with an innovative perspective.

In 2020, Pinar Et continued to work on new flavors and formats to grow and develop the market in all sub-categories of the delicatessen and frozen products segment, and continued to meet the demands and expectations of consumers of all age groups. Maintaining its competitive advantage with its innovative products in the delicatessen and frozen meat, bakery products, fish products and canned products group, the Company focused on creating new varieties in the frozen products group. In 2020, Pinar Et added new frozen organic and vegetable-based varieties to its product range and offered its consumers healthy and delicious new alternatives.

In 2020, the biggest share of the sales on the basis of product groups was again with delicatessen products with 68.2%. In addition to its strategy of focusing on value-added products, Pinar Et also increased its sales plans for new products and new channels in 2020.



PRODUCT ALTERNATIVES FOR EVERY PREFERENCE

Pinar Et, which aims to meet the animal protein needs of its consumers of all ages with delicious and healthy products, builds its marketing strategy on the principle of "delicious and healthy living". Pinar Et, which considers different consumer groups and changing trends in its product diversification studies, continued its projects in this direction in 2020.

In 2020, the company continued to offer consumers a wide range of frozen products, canned products and developed delicatessen products, including meat, bakery products and seafood.

In addition to focusing on developing new products to meet the changing needs of different sales channels, Pinar Et continued to increase its effectiveness in the entire market by working diligently in positioning its brands according to their channels. Communication activities fostering positive feelings in consumers and customers continued throughout the year.

Due to the COVID-19 pandemic in 2020, small and sliced delicatessen products were added to the portfolio to reach different sub-channels such as hotels, restaurants, catering companies, schools within the scope of the out-of-home consumption channel.

BRAND COMMUNICATION STRATEGY

Pinar Et continued its campaigns and promotions to increase the awareness of the product groups it produces in 2020, to reinforce its brand image and to promote new products. In the promotional activities carried out, the delicatessen category, which has an increasing share in the sector's turnover and where there is intense competition, came to the fore.

Within the scope of 2020 communication activities, it was focused on Manti, Pastry and Puff Pastry products in the frozen products category. Prepared advertising films met their followers in digital media. The 'feeling of longing for loved ones', which increased in consumers as a result of restrictions due to the pandemic, was highlighted in the Ramadan period communication through Pinar Taste Ideas. Different communication activities from social media accounts were carried out periodically throughout the year and on special days such as New Year's Eve.

In addition, the connection established with consumers has been strengthened recently by communicating recipes and products on social media, especially with the increase in time spent at home during the pandemic. Consumer communication continued with small competitions held through social media accounts. The timing of the broadcasts encouraged consumers to buy the products by reminding them before shopping.

Organizations Participated in 2020

- 4. Meat Products Workshop / October 6-8
- 4. Aegean Economic Forum / November 30 - December 4

PINAR COMMUNICATION CENTER

Pinar Communication Center (PIM), which can be reached from the telephone line no **444 76 27** without dialing the area code from all over Turkey, continued its work in 2020 in the light of the principle of "Our Consumers and Customers First". Calls on complaints, suggestions, information, criticism and appreciation (praise), which are formed as a result of products and products-related services and sent to the Pinar Communication Center, are answered by the PIM operator between 07.00 - 23.00 hours. Requests and suggestions received by Pinar Communication Center are meticulously examined and taken into account within the Company.



Any feedback received is recorded and answered within the scope of KVKK. Unresolved complaints are directed to the relevant units and the entire complaint management process is followed from the beginning to the end.

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

“Barrier-Free Communication Line” from PIM

Pinar, the pioneer of the firsts in Turkey, has opened a special “barrier-free communication line” for visually impaired individuals via PIM with a new application that it has implemented. With the application realized with aim of facilitating the lives of more than 1 million visually impaired people in Turkey, PIM started to serve visually impaired people 7 days a week between 07.00 - 23.00 hours. Consumers can connect to the operator by the phone number 444 76 27 of the Pinar Communication Center, as well as the call service number reported to the Associations of the Visually Impaired in Turkey. In addition to voice support,

visually impaired people can receive video support by showing the products to the operator, get information about the details of the product content and products, and find instant answers to problems that may be stuck in their minds such as the expiry date.



STRONG AND WIDESPREAD DISTRIBUTION NETWORK

In 2020, the share of the direct channel in the sales of Pinar Et products, 78% of which was realized through Yaşar Birleşik Pazarlama, was 18%, while the share of the export channel was 4%.

Yaşar Birleşik Pazarlama (YBP), a Yaşar Group Company, brings Pinar Et products to consumers by delivering the freshest, healthiest and fastest products to 155 thousand sales points in total through 6 Regional Directorates and more than 100 dealers.

Serving with its expert, experienced organizational structure and more than 1,200 vehicles, YBP plays an important role in maintaining the market leadership of Pinar branded products thanks to its widespread and effective distribution network. Yaşar Birleşik Pazarlama, which constantly updates and monitors its operations with the most modern software systems, continued to provide regular trainings to its team and business partners to improve sales skills, as well as to continuously report service results.





R&D Studies

Pinar Et not only offers reliable, delicious and healthy products for its consumers through its R&D studies, but also provides quality, efficiency and cost advantages.

Pinar Et R&D center continued its efforts to add an innovative approach to the sector through its research and development activities and the results of these activities throughout 2020. Closely following scientific and technological developments and innovative steps in the sector, Pinar Et R&D team has implemented new projects by evaluating the application areas in line with the research results.

In 2020, the R&D Center continued its patent/utility model studies to protect the Company's intellectual and industrial property rights. Participation in current congresses, seminars and symposiums in order to increase university-industry cooperation and to closely monitor scientific developments continued to the extent that the pandemic process allowed. With the databases used, the resources followed, and the R&D bulletin published within the Company, the innovations in the food industry were closely monitored and current trends were adapted. Studies were carried out in parallel with future predictions.

Some of Pinar Et's activities at the R&D Center with the aim of competing with technological and innovative approaches in the food sector and deepening its know-how are as follows:

- New product development
- Improving existing product
- Improving product cost
- Developing alternative raw material
- Creating supplementary food additives
- Packaging material works
- TÜBİTAK Projects
- Shelf life studies
- Efforts to reduce the use of imported inputs
- Work for reducing food additives

Within the scope of the R&D Center, the projects continued in 2020 within the framework of the universities and the TÜBİTAK 1501-Industry Research Technology Development and Innovation Projects Support Program.

As a result of the R&D studies carried out, 34 new products, 13 of which were developed for retail, 3 for private customers, 14 for export and 4 for the out-of-home channel, were offered for sale in 2020. In 2020, patent applications were made for 3 invention ideas.



In 2020;

- Vegetable-based product development studies continue to create alternative protein sources in line with the changing nutritional expectations of consumers in the global and local market. Falafel and Vegetable ball products met with consumers both in the domestic market and in the export channel.
- Approximately 36,571 kg less plastic and 13,412 kg less paper were used by optimizing existing packaging materials. In this way, nearly 2 million TL was saved. A total of 144.64 tons of CO2 emissions were reduced, including 112 tons by plastic reduction and 32.64 tons by paper reduction. Thanks to the paper reduction, 228 fewer trees were cut down. Similar studies aimed at controlling and minimizing environmental impact processes will be expanded and will continue in 2021.
- Within the scope of efforts to establish alternative supplier companies, a total of 15 supplier companies, including 6 alternative suppliers for 54 packaging materials and 9 alternative suppliers for 10 food additives, were added to the system. About 522,000 TL was saved.
- As a result of academic studies, a review article on "Production of Meat Products in 3D (3D) Printer Technology" and "Use of Natural Components Providing Functional Properties in Meat Products" was published in the Turkish Journal of Agriculture - Food Science and Technology, and the review article "The Alternative Protein Source of the Future: Artificial Meat" was published in the "Academic Food Journal" in 2020 and met with the readers.





High Quality

Pinar Et, handling all business processes including its products and services as a whole with the Food Safety and Quality Management System, proved its competence once more in this field as the first company to receive TSE COVID-19 Safe Production Certificate.



Aiming to provide consumers with products produced under safe, healthy and hygienic conditions, Pinar Et controls all stages of the production processes with the Quality Management System it implements. Pinar Et also proves its quality as the first company in the sector to receive the TSE COVID-19 Safe Production Certificate, with the decisions it has taken and all the criteria it applies during the COVID-19 pandemic process.

Pinar Et, which has established its own food safety management system based on internationally recognized systems such as FSSC 22000 Food Safety Management System, BRC and IFS, manages its business processes covering all products and services offered to the consumer with a quality management system. In line with the principle of unconditional customer satisfaction, Pinar Et, which determines and follows the flows in production and the performance criteria of the processes with process management, is constantly improving the system it implements with the improvements.

Analyzes and improvements are meticulously carried out at all stages of the production process at the fully equipped Integrated Red Meat, Integrated Turkey, Processed Fisheries and By-Products production facilities within Pinar Et.

All intentional and unintentional risks that may threaten food safety are regularly analyzed with HACCP (Hazard Analysis and Critical Control Points), TACCP (Threat Assessment and Critical Control Points) and VACCP (Originality Assessment and Critical Control Points) systems, which form the basis of



the management system in this field and they are actively managed.

Pınar Et, which shows its sensitivity in in-house product and production processes in its supplier selection processes, takes into consideration the Food Safety, Quality, Environment, Occupational Health and Safety, Energy Management Systems and the sustainability concept of Yaşar Group into consideration in supplier selection.

TSE CERTIFIED LABORATORIES

Thanks to the important role taken by its equipped laboratories holding TSE Testing Laboratory Approval Certificate, Pınar Et conducts production processes without compromising high quality. In these laboratories, where the analyses specified in the relevant regulations and communiques required for the sector are carried out, many different chemical, microbiological, sensory and molecular analyses are also carried out.

With the advantage of verifying the conformity of the products produced in line with the Food Safety Management System, legal requirements, customer demands and specifications in its own developed laboratories, Pınar Et closely monitors all factors that may pose a risk, from raw material to end product, as well as product analysis.

PINAR ET PRODUCTION FACILITIES

Integrated Red Meat Production Facility:

Fresh/frozen beef and lamb meats
Delicatessen product groups (soudjouk, salami, sausage, etc.)
Frozen meat products (hamburger group)
Frozen meat products (meatball group)
Milk-based and Vegetable-based Products Group (cheese croquettes, falafel and vegetable patties)

Integrated Turkey Production Facility:

Fresh/frozen turkey meats
Frozen meat products (turkey and chicken group)

Processed Aquaculture Plant

Frozen fish balls, natural aquaculture

By-Products Production Facility

Feed raw materials

FULL SUCCESS IN AUDITS

Pınar Et has successfully completed 52 different audits for Turkey and export markets in 2020. The company successfully completed the COVID-19 Safe Production Certification Audit in line with the "COVID-19 Hygiene, Infection Prevention and Control Guide" prepared by TSE, which will guide industrial organizations to fight against COVID-19, and was entitled to receive the certificate.

Pınar Et, which continuously develops quality and Food Safety Management Systems, Environment, Energy, Occupational Health and safety and laboratory management systems, has also passed the audits of TSE Integrated Management Systems and Halal Food System Patent standard in 2020. In addition, it showed full success in audits carried out by chain markets and private customers.



Pınar Et, successfully passed various audits conducted by the official institutions of export countries as well as periodic audits conducted by the Ministry of Agriculture and Forestry for foreign markets.

In 2020, the Quality Management System (QMS) audit which is the first phase of the Good Agricultural Practices Certificate audits planned for turkey farms and Hatcheries in 2020 and was carried out with the officials from the Ministry of Agriculture and Forestry, was completed with a good performance.

Strong Cooperation with Suppliers

Pınar Et establishes sustainable collaborations with hundreds of suppliers it works with at different stages of its business processes.

Pınar Et, working closely with its suppliers throughout the year in line with the goal of improving quality in its business processes, conducts business partnerships with hundreds of suppliers from all regions of Turkey for many years. The Company, which does not compromise its principles in supplier selection and supervision in order to maintain trust in the Pınar brand and provide delicious and healthy products to its consumers, continues to audit its suppliers within the framework of its health and quality-oriented business approach. In addition to audits that bring improvement, Pınar Et also organizes trainings contributing to the development of its suppliers. The company also contributes to the growth of its suppliers with its expanding business volume.





Pinar Et meets the need for meat with live animals that it buys from numerous domestic breeding farms in different regions of Turkey. Believing in the importance of reliable business partners in order to deliver products to consumers in a safe and hygienic manner, the company continues its procurement policy with this awareness. Pinar Et supporting domestic production, continues to work to expand its purchasing areas.

Strong Cooperation with Çamlı Yem Besicilik

Pinar Et provides all of its live turkey purchases and some of its cattle purchases from Çamlı Feed and Livestock, the agricultural production company of Yaşar Group.

While the company provides a significant part of the raw material supply from domestic breeders, it also carries out production from calves fed with the latest technology breeding rations from its cattle farm. The slaughtering processes are performed with modern technological methods in its facilities at international standards. The company supports feeding for the best quality cattle supply with the control of its expert technical personnel who are constantly active in the field.

SUSTAINABLE SUPPLY SYSTEM

In Pinar Et's selection of suppliers, 'sustainability' stands out as an important factor along with many criteria such as compliance with procurement rules and with the laws and use of legal inputs, compliance with animal welfare, infrastructure,

experience and capacity.

Pinar Et prefers to cooperate with suppliers that comply with the principles of Food Safety, Quality, Environment, Occupational Health and Safety, Energy Management Systems in order to protect the quality of raw materials and services as well as the sustainability understanding of Yaşar Group. Existing and potential suppliers undergo periodic audits on site and in detail by an experienced and trained expert team within the scope of the Supplier Assessment System.

With the audits, it is aimed to provide quality and reliable raw materials and to deliver healthy and safe food to consumers. If the suppliers that offer working potential comply with the criteria, collaborations are initiated. The collaborations with existing suppliers are developed in case of their suitability after audits. In 2020, when the pandemic was effective, many audits were carried out online and the audit processes sustained without interruption.

In addition, Pinar Et continued to inform its suppliers of possible developments and innovations in the sector with its information network. In this context, the company continued its efforts to organize quality and innovation circles and to implement these innovations with priority.





Investments

Focusing on this area in its investments with the continuous increase in e-commerce volume during the pandemic process in 2020, the Company continued its activities with the aim of launching the e-commerce sales channel in the first half of 2021.

In 2020, Pinar Et made all of its renewal and modernization investments with its own resources. Continuing its renovation and modernization investments in its production facilities, the Company has made an investment of 30.3 million TL.

Major investments made in 2020:

- MAP Sausage Line Automation
- Delicatessen End of Line Packaging Automation
- Auxiliary Facilities Modernization Investments
- Unprocessed Meat Products Packaging Investments

In 2020, Pinar Et invested 501 thousand TL in buildings, 23,557 thousand TL in machines, 3,956 thousand TL in fixtures, 393 thousand TL in rights and 1,901 thousand TL in R&D studies.

In addition to the use of mobile communication tools and the increase in individual internet penetration, Pinar Et continued its e-commerce sales channel efforts, which started in the previous year, rapidly throughout the year, due to factors such as the continuous increase in e-commerce volume with the effect of the pandemic process in 2020. It is aimed to define and develop the products to be sold through e-commerce, to establish the e-commerce IT infrastructure and to complete the work on the distribution model in 2021 and to move to live commerce. The necessary equipment investments have been completed for the packaging of high value-added meat and delicatessen products developed to be sold in the e-commerce channel in special "skin pack" packages.

2021 Investment Targets

Pinar Et plans to continue its automation and modernization efforts in 2021, and continues its efforts to complete and implement in-house projects in this direction.

30.3 million TL
TOTAL INVESTMENT
IN 2020





6,762
TOTAL TRAINING
HOURS IN 2020

Pinar Et Family

Aiming to make human resources, one of the main pillars of sectoral growth and development, effective, productive and long-term, Pinar Et continued to invest in its employees with the understanding of “People First”.

Pinar Et based its human resources strategy on the understanding of “People First”, carries out its activities with its human resources consisting of educated and experienced employees with a high sense of belonging and ownership, open to all developments based on science, attaching importance to knowledge sharing and the spirit of unity, and adopting a participatory management approach and success-oriented work. Pinar Et continues its efforts to recruit a qualified, creative, innovative, motivated and high performing workforce with its effective human resources strategy.

Pinar Et, which continues its in-class trainings in 2020 in line with its basic business policies and Strategies, conducted online trainings through the digital platform. The company provided 734 employees with a total of 6,762 hours of training throughout the year.

Human, Health and Environment Focused Studies

- Pinar Et, fulfilling the requirements of the TSE COVID-19 Hygiene, Infection Prevention and Control Certification Program, was entitled to receive the TSE COVID-19 Safe Production Certificate and protected the health of its employees. In this context, fire measurement and HES code checks were carried out at factory entrances with thermal camera. While disinfection was applied every day in all areas within the factory, regular mask and disinfectant

distribution was ensured. Health screenings were carried out for precautionary measures and to protect employees. The arrival and departure times of the factory were changed and the occupancy rates were reduced by halving the service capacities.

- In order to prevent the spread of the virus and increase awareness, videos were continuously broadcast under the heading of COVID-19 measures on all televisions and information screens within the facility throughout the year. Employees were given trainings on COVID-19 measures by the workplace doctor. In addition to their in-class training in accordance with social distance and mask use and hygiene rules, online trainings were conducted on various subjects in accordance with the needs formed throughout the year.
- Employees of the Machine Maintenance function were given Vocational Competence Trainings by the Vocational Qualification Center and received Vocational Competence Certificate.
- "Awareness Workshops to Empower Women" were held to raise awareness on Violence Against Women.
- With Yaşar Group's approach focuses on "Our Consumers and Customers First", a sign language training called "Barrier-Free Call Line" has been planned for the Hearing Impaired Employees of Pinar Communication Center.


BASIC HUMAN RESOURCES POLICY

- Personnel positions in the company are determined by business economy criteria. Rich candidate pools are created for all new positions.
- Orientation programs ensure the adaptation and compliance of new employees to the company and their duties in a short time.
- In-company and external training programs are implemented within the framework of the plan determined for all employees in line with the needs and to ensure the continuous development of the personnel.
- Equality of opportunity is observed among employees in promotions and appointments within the organization.
- Based on the performance evaluation of the employees, the realization of the goals and their competencies, the "Talent Management" program is carried out for development activities and career planning processes. Determination of the candidate managers for critical positions are ensured.
- Job descriptions and performance standards are documented for every position from top to bottom.
- Within the framework of the Occupational Health and Safety Regulation, legal measures are taken to prevent occupational risks, to protect health and safety, and to eliminate risk and accident factors.
- The management style of the company is determined as "to maintain our existence as a Company that acts in accordance with the laws and ethical rules, adopts the total quality philosophy and participatory management style".
- All processes within the company are carried out within the framework of Pinar Et Corporate Values and Ethical Rules, Labor Law, Laws and Company Regulations.
- Legal measures are taken for all documents owned by Pinar Et.



the candidate managers for critical positions are ensured.

- Believing that community peace can be achieved through workplace peace, Pinar Et's Collective Labor Agreement with Tek-Gıda Labor Union covers the dates from January 1, 2020 to December 31, 2021.



15%
**CARBON EMISSION
REDUCTION TARGET
BY THE END OF 2020**

Sustainability Approach

While planning its business processes, Pinar Et continues its activities in an effort to eliminate or minimize its environmental impact.

Yaşar Group's sustainability strategy aims to take care of all stakeholders and provide them with a better life. For this purpose, Pinar Et continues to develop products and services suitable for changing consumption habits, without compromising its customer-oriented approach by analyzing the feedback received from its consumers and customers correctly.

Pinar Et conducts its activities in line with the business objectives determined with a science-based, quality-oriented business approach that can meet the needs of the society, and these studies serve the Sustainable Development Goals. Pinar Et is implementing the parallel works step by step with Yaşar Holding after setting out by signing the United Nations Global Compact (BMKIS) in 2007. The Group, which has been reporting its sustainability approach studies since 2009, has been publishing Progress Notifications in 2009 and 2010, and Sustainability Reports since 2011. Lastly, all Sustainability and KIS Reports of Yaşar Group, which published its 2019 Sustainability Report, can be accessed from the Sustainability section of Yaşar Holding's website (www.yasar.com.tr).

Pinar Et has continued to work within the compliance of Corporate Governance Communiqué and Corporate Governance Principles which have taken their final form with the addition of the basic sustainability principles expected to be declared when open partnerships conduct Environmental, Social, Corporate Governance (ESG) on October 2, 2020 to the Corporate Governance Communiqué No II-17.1 of the Capital Markets Board.

Focusing on Yaşar Group's sustainability approach consisting of 5 main headings, Pinar Et updated the Sustainability Committee and its Economic, Social and Environmental sub-committees, with volunteer employees in 2020. In 2020, Pinar Et continued its improvement efforts to increase efficiency in production operations and energy consumption with its Sustainability Committees. The company plans to continue its effective work in 2021.

5 main headings of the sustainability approach;

- Energy and Climate Change
- Water Use and Wastewater
- Materials Used and Waste
- Health and Safety
- Social Contribution

SUSTAINABLE ENVIRONMENTAL APPROACH

Based on its pioneering and exemplary corporate identity, Pinar Et, which prioritizes responsibility for the environment and society, continues its activities in an effort to minimize the negative impact of its products on the environment at different stages, from raw material supply to transportation, from consumption to recycling and waste evaluation.

Within the scope of sustainability approach, while Yaşar Holding determines priority areas such as energy and climate change, water use and waste water, materials and waste used, health and safety and social contribution, Pinar Et reveals its sustainability approach and priorities regarding

the environment within this framework. Aiming to reduce its carbon footprint and water footprint for a better life, Pınar Et is getting closer to the rate of decrease determined by its sustainability studies every year.

WATER AND ENERGY MANAGEMENT

Pınar Et, which sets making production with “less energy, less water and less waste” as its main goal, has designed and published the “Water Policy”, which includes Company commitments for the correct use of water, with the awareness of the importance of water resources. Implementing TS EN ISO 14001 Environmental Management System and TSE EN ISO 50001 Energy Management Systems, Pınar Et continued to work on measuring and monitoring water consumption at all facilities within its body throughout 2020.

WASTE MANAGEMENT

Believing in the importance of circular economy for a more livable world, the Company closely follows developments in the world for better applications, with the understanding that any waste is a potential energy source. Significant progress is being made in waste management with R&D works. Wastes generated as a result of production activities are managed with the Waste Management System. In this context, it is ensured that the types of wastes are determined, collected separately at the source, temporarily stored and delivered to the relevant licensed recycling facilities. Data on waste management is regularly registered every year in the information system of the Ministry of Environment and Urbanism.

While the work within the scope of the Zero Waste Project initiated by the Ministry of Environment and Urban Planning in 2018 continues in 2020, the process was started together with the application to the Ministry to obtain the “Zero Waste Certificate”.

ENVIRONMENTAL POLICY AND PRACTICES

Pınar Et focuses on protecting the environment and reducing pollution in all its activities, and acts in accordance with legal obligations in line with the Environmental Policy prepared within the scope of the Environmental Management System. The company passes through the annual and successfully completed audits by certification bodies, legal authorities and customers.

Aiming to raise awareness of its employees in order to realize its sustainability and environmental policies, Pınar Et organizes informative trainings on energy use and environment. The company's new investment projects are created with the aim of reducing energy use.

With the same point of view, different audits are carried out within the scope of risk assessment with the suppliers within the ecosystem. In addition to the environmental permits of the suppliers it works with, the company constantly questions whether there are factors that can cause environmental pollution in the work areas.

CARBON AND WATER FOOTPRINT CALCULATION

Yaşar Group started measurement studies as of 2010 with a team formed under the leadership of the Carbon Leader. In this context, a “corporate carbon footprint” calculation was made in 2020. Accordingly, Pınar Et approached to its target of achieving reduction of 15% by the end of 2020 compared to the base year and succeeded in reducing its carbon emission value by 14.34%.

In addition to carbon footprint studies, efforts continued with the aim of reducing water consumption. Pınar Et, which started to calculate its water footprint by accepting 2017 as the base year, reduced its water footprint by 12.98% in 2020 compared to the base year. The company aims to reduce its water footprint by 5% by the end of 2021, 10% by the end of 2023 and 15% by 2030.

CARBON TRANSPARENCY PROJECT (CDP)

CDP is an international non-profit organization that provides the most widely accepted platform for companies and cities to measure, explain, manage and share important information about their environmental performance and climate change strategies. As a result of its application to CDP in 2020, Pınar Et received (B-) at the “management” level on climate change and (B) on the “management” level on water security.

WORKS ON ENERGY EFFICIENCY

Continuing the TSE EN ISO 14001 Environmental Management System practices in 2020, Pınar Et was audited by the TSE and successfully completed the process.

The Environment Committee, which was established in 2018, continued its activities in 2020 in order to raise awareness on environment, water and energy issues in which all processes are included in order to increase the improvement works and to turn the improvements seen into projects.

ENVIRONMENTAL RESPONSIBILITY AWARENESS

Pınar Et continued its sapling planting project, which it started in 2014, within the scope of projects carried out to create environmental responsibility awareness. The company planted saplings certified by the Regional Directorate of Forestry on behalf of all its employees who brought 10 waste batteries, and ensured that 151 saplings were planted in 2020 in exchange for 1,510 batteries. Pınar Et also participates in the activities of the Environment and Afforestation Commission established by KOSBİ. Employees participating in the Vegetable Waste Oil Project within the scope of these activities prevent the waste oils they bring from their homes from mixing into the water and the sewage system.

OCCUPATIONAL HEALTH AND SAFETY

Pınar Et, which aims to provide a healthy and safe working environment in line with the value it attaches to human resources, continues its activities with the “Zero Accident Philosophy”. While fulfilling the legal obligations, spreading the culture of safety within the company is the basis for creating a safe and healthy working environment for Pınar Et. In this

context, the Occupational Health and Safety Committee, which was established with the participation of all process managers in order to carry out occupational health and safety activities effectively, continued its activities in 2020. With risk analysis, Preventive plans for occupational accidents and diseases that may occur were prepared and implemented with the participation of employees within the company. Efforts continued to eliminate or minimize unsafe situations and movements that could cause occupational accidents by using active control mechanisms.

Working conditions were frequently reviewed with periodic controls in 2020. When any problem is detected, measures were taken and processes were kept under control without losing time. Fire extinguishing drills were held in order to be ready for emergencies and to raise awareness of employees about fire.

During the pandemic in 2020, Pinar Et took into account the circulars of the Ministry of Health, conducted risk analyzes and took all measures. The company, which was entitled to receive TSE COVID-19 Safe Production Certificate after successful audits, managed the process properly.

Holding the ISO 45001 Occupational Health and Safety Management System certificate, Pinar Et continued to regularly review its Occupational Health and Safety Policy and its targets, depending on changing conditions. Pinar Et, which has taken all necessary precautions for the goal of "Zero Work Accidents", continued to receive employee opinions and improve the current system at the Occupational Health and Safety Committee meetings in 2020. Due to its corporate structure, the company also checks the legal compliance of the companies with which it cooperates or will cooperate by considering the safety of foreign service contractors and suppliers. It also informs the companies it cooperates with about changing legislation.





Corporate Social Responsibility

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

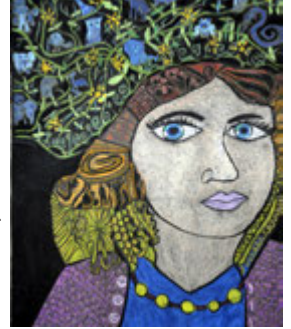
PINAR CHILDREN'S THEATER

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

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

INTERNATIONAL PINAR CHILDREN'S PAINTING CONTEST

The International Pinar Children's Painting Contest held for the 39th time in 2020 in order to increase the interest of primary school children in painting and to reveal the artists of the future with the “Free” theme. A total of 5,685 paintings from all of Turkey and Germany participated in the competition. As a result of the evaluation of the selection committee, 13 little painters who qualified to win the competition were awarded with tablets and professional painting materials and 3 students received a one-year scholarship through Yaşar Education and Culture Foundation.



A total of 103 works, including 30 paintings selected in the competition and 73 paintings deemed worthy to be exhibited by the jury, met with the visitors at the “Virtual Exhibition”, which is accessible on the www.pinar.com.tr. At the same time, the video of the exhibition was published on the “Everything for Our Children” Youtube channel.



Scan the qr code to visit the Virtual Exhibition.

SOCIOLOGICAL EVALUATION REPORT

Within the scope of the 39th International Pinar Children's Painting Contest, a sociological study was carried out in cooperation with Anadolu University Department of Sociology. In this social responsibility project, a “Sociological



Research Report” was prepared by evaluating the data obtained by examining the pictures of children participating in the contest from different geographical regions.

PINAR CHILDREN'S PAINTING WORKSHOP

Pınar Children's Painting Workshop, which was held for the fifth time in 2020, moved to the digital platform due to the pandemic and "Life with Pınar" was realized online with the artist Betül Güney via social media account.



SUPPORT TO SPORTS

Pınar also continues its support in the field of sports within the scope of corporate social responsibility activities. Under the leadership of Selçuk Yaşar, the Founder and Honorary President of Yaşar Holding, Pınar has been supporting Karşıyaka Basketball Team as the main sponsor and thousands of young athletes doing sports in the infrastructure with its corporate culture approach focused on "social citizenship". Pınar continues to work on different sports branches as well as basketball.

Pınar KSK

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

That İzmir is a city of basketball and among the achievements of Pınar Karşıyaka which is supported by the people of İzmir with the aim of integrating young people and children with sports, there are the Turkish Cup Championship, the Presidential Cup Championship and the Turkish Basketball League Championship. In addition to these achievements, Pınar Karşıyaka successfully represents our country in international organizations such as Turkish Airlines EuroLeague, 7DAYS EuroCup, FIBA Champions League and FIBA Europe Cup. Pınar has contributed to the sports of more than 25 thousand children so far with the support it has given to the infrastructure of the Karşıyaka Basketball Branch.



SPECIAL PUBLICATIONS

Güzel Yaşa Magazine

Believing that the secret of a beautiful life is to acquire the right and healthy eating habits, Pınar Et continued its magazine, website, social media accounts and weekly e-bulletin works in 2020 within the framework of the concept of "Live Well". Pınar Et, who took important steps towards digitization of the project, which was implemented in 2017, to reach a wider audience, moved the Live Well magazine, which was published quarterly, to the digital press. With this step, which also supports the sustainability efforts of the Company and Yaşar Group to which it is affiliated, it was reached to many more readers and paper consumption was eliminated. In addition, the membership system was put into use and the number of followers was increased by sending regular weekly newsletters and the communication with the target audience was continued by strengthening.



Flavor Ideas

Taste Ideas has become the brand of two-sided communication that Pınar Et establishes with its consumers in digital media. Through the website of Lezzetfikirleri.com and social media accounts, Pınar Et products are blended with the most different recipes of Turkish cuisine as well as world cuisines and brought to the tables. Digital channels and the website Lezzetfikirleri.com, which hosts countless different recipes using Pınar Meat products offer a variety of products in a way that the end consumer can directly apply at home. The project, which started its digital life with Facebook, Instagram, Youtube accounts and website in 2017, has managed to increase its effectiveness in the digital world year by year, with the fact that it will also include international operations in 2019. Reaching more than 25 thousand individual users as of the end of 2020, Pınar Flavor Ideas brings together people who love to cook and are open to trying different recipes.

Pınar Newspaper

Pınar Newspaper, an important reference source for producers covers subjects such as livestock breeding, milk and meat technologies, livestock health, while including some contents such as farm interviews and news from Pınar. The newspaper, published quarterly, is sent to Pınar's business partners. With the new issue of Pınar Newspaper, it can be accessed to the entire archive at www.pinar.com.tr.

Social Media Accounts of Life with Pınar

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

SPONSORSHIPS

Pınar Et, which participates in many congresses in areas such as R&D, sustainability and marketing in the food sector as both a participant and a sponsor, also supports events that contribute to the development of culinary, gastronomy and geographical culture in Turkey. In line with this, Pınar Et gave sponsorship support to 4th Meat Products Workshop and 4th Aegean Economic Forum in 2020, when many events cannot be implemented due to the pandemic.



Awards and Certificates

Pınar Et, which has proven its quality in production standards and the technologies it uses, was deemed worthy of many awards by reputable organizations in 2020.

Turkey's Most Admired Companies Award

Pınar Et became the "Most Admired Company" in the Packaged Meat Products Category in the "Most Admired Companies in the Business World" research prepared by Capital Magazine for Zenna Research and Consultancy. The research, in which the dimensions of creating employer brand, product and service orientation and management quality stand out, was carried out with the participation of 1,470 managers representing more than 600 companies from different sectors from the business world.

Silver Award for the Most Successful Team of the Year

Pınar Et was awarded the "Successful Team of the Year" silver award given by KALDER for its "Carbon and Water Footprint Reduction Project", which provides benefits to environmental sustainability.

Turkey's Most Respected Corporation and Brands

Within the scope of the Turkish Reputation Index survey conducted by the Turkish Reputation Academy with the participation of 12 thousand people from 72 provinces under the academic supervision of the Department of Statistics of Yildiz Technical University, Pınar Et was among the most reputable institutions and brands in the sector in the "processed food" category.

Environment Award from EBSO

Pınar Et won the third prize at the EBSO Environment Awards, which have been given by the Aegean Region Chamber of industry since 2001 to reward industrial organizations that act environmentally sensitive and set an example with their projects in order to raise awareness.

Gold Medal from IZTO

Pınar Meat won the gold medal in the "Live Animal Poultry Meat and Meat Products" category at the "Successful Industrial Enterprises Award Ceremony" organized by the Izmir Chamber of Commerce, the Aegean Region Chamber of Industry and the Izmir Commodity Exchange.

Yaşar Sustainability Award

Within the scope of Yaşar Sustainability Competition, the third prize was awarded for the project "Optimization of Shipment Pallets" in the Environmental Sustainability category, which is one of the projects of 2020.

Documents and Certificates

- ISO 9001:2015 Quality Management System
- FSSC 22000:2018 Food Safety Management System
- ISO 14001:2015 Environmental Management System
- ISO 50001:2018 Energy Management System
- ISO 45001:2018 Occupational Health and Safety Management System
- ISO 17025:2017 TSE Test Laboratory Approval Certificate
- Halal Food Certificate
- Organic Entrepreneur Certificate
- TSE COVID-19 Safe Production Certificate

Milestones

One of the Leaders of the Meat Products Market

- 1983** ● Pinar Et's foundations were laid.
- 1985** ● Pinar Et started its operations as the first private integrated meat plant in Turkey.
- 1987** ● The company has produced Turkey's first industrial hamburger balls.
- 1994** ● It was the first organization in its sector to receive the TS ISO 9002 Quality Management System certificate.
- 1998** ● Yaşar group established Turkey's first fully integrated Turkey facilities under the roof of Pinar Et.
- 2000** ● Sliced delicatessen products are produced in hygienic conditions with clean room technology for the first time.
- 2001** ● Pinar Et introduced döner, one of the classics of Turkish cuisine, to the market in an industrial scale.
 - It began the production of frozen seafood.
- 2003** ● It passed to TS ISO 9001-2000 certificate.
- 2004** ● Pinar Et obtained the TS ISO 14001 Environmental Management System Certificate.
 - It presented the "meatballs of Turkey" product range to the consumer with nine different tastes.
- 2006** ● It became the first company in its sector to receive TSE ISO 22000 Food Safety Management System Certificate.
- 2007** ● It achieved another first in the sector and received TSE 18001 OHSAS (Occupational Health and Safety) Certificate.
 - It was awarded the Aegean region Achievement Award by the Izmir branch of the Turkish Quality Association.
- 2008** ● Pinar Et is the first company in the meat products sector to receive TSE 17025 Food Safety Management System Certificate.
 - It was the first company in the food sector started its Yalın 6 Sigma works in Turkey.
- 2009** ● Pinar Misket meatballs and Pizzatto Alaturka were presented to consumers.
- 2010** ● Salami, soudjouk, and sausage product groups that can be consumed in a lump and are practical under the "Aç Bitir" category.
- 2011** ● The company created the Pinar Professional category, with a focus on out-of-home consumption.
 - Gourmet Soudjouk and sausage varieties made with the best quality meats were put on the market.
- 2012** ● Pinar was ranked among the top 10 reputable companies of Turkey in the survey conducted by GfK Repman Reputation Researches.
 - Pinar Aç Bitir Salami and Pinar Gurme Burger were awarded with the "Best New Product" by BrandSpark International
 - In research conducted by Nielsen and Superbrands, Pinar was among the top 10 Super brands of Turkey.
- 2013** ● Different types of pastry were presented to the taste of consumers.
- 2014** ● Pinar Gurme started production of salami, ham and smoked meats.
 - Communication campaign for Aç Bitir won one of the prestigious awards of the advertising industry.
- 2016** ● Pinar was selected as the "Most Successful Brand of the Year" in the food industry.
- 2017** ● Ecocert Organic Food Certificate was obtained.
 - R&D Center was established.
- 2018** ● Pinar İllaki Lokum Meatballs met with consumers.
 - Pinar 3 Cheese Tray Pastry was launched.
- 2019** ● Turkey Fillet Canned product, a first in its field, took its place in the market.
 - Frozen Organic Meat Products and Frozen Vegetable-Based Products were offered to consumers.
- 2020** ● It became the first company in the meat and meat products sector to successfully complete the "TSE COVID-19 Safe Production Certification Audit" and get the certificate.

CORPORATE GOVERNANCE PRACTICES AND FINANCIAL INFORMATION

BOARD OF DIRECTORS

Emine Feyhan Yaşar - Chairperson of the Board

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

İdil Yiğitbaşı - Vice Chairperson of the Board

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

Mustafa Selim Yaşar - Member of Board of Directors

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

BOARD OF DIRECTORS

Kemal Semerciler - Independent Member of Board of Directors

Born in 1958, he completed his higher education at the Uludağ University Faculty of Economics and Administrative Sciences. Kemal 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 1990-2003. He served as the Head of the Inspection Board from 2004-2006. From 2006-2008, he served as Deputy General Manager in the Legislation department. He worked as the General Manager Advisor at Yapı Kredi Bank from 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 subsidiaries of the bank, and between March 2010 and March 2016, he served as a Board Member at Alternatifbank. Kemal Semerciler currently provides consultancy on corporate governance, project finance and financial restructuring, and serves on the boards of directors of certain companies within Yaşar Group.

Sezai Bekgöz - Independent Member of Board of Directors

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

Yılmaz Gökoğlu - Member of Board of Directors

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

Cengiz Erol - Member of Board of Directors

Cengiz Erol completed his undergraduate degree in Business Administration at Ege University in 1974, his master's degree in Finance and Accounting at New York State University in 1979, and his doctorate in International Trade and Finance at New York State University in 1983. Cengiz Erol, who worked as Assistant Professor of Finance at Çukurova University 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, worked as a Professor of Finance at the Department of Business Administration at METU from 1993-2010. Serving as Ereğli Demir Çelik General Manager Consultant from 1991-1994, 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. from 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, Cengiz Erol also assumed the position of METU Rector Advisor and Member of the Executive Board of ÖSYM. Cengiz Erol, who served as the Head of the International Trade and Finance Department at Izmir University of Economics from 2011-2013, worked as a faculty member of the International Trade and Finance Department and Director of the Institute of Social Sciences at Izmir University of Economics from 2010-2015. Cengiz Erol, who has been serving on the boards of directors of companies within the Yaşar Group since March 2014, has also been a faculty member at Yaşar University since 2017.

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

RISK MANAGEMENT, INTERNAL CONTROL SYSTEM AND INTERNAL AUDIT ACTIVITIES

RISK MANAGEMENT

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

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

Risk Management Policy of the Company

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

Workings of the Early Detection of Risks Committee

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

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

Future Risks 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 carried out to create a risk inventory in terms of all Company activities, and to take the necessary actions.

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

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

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

INTERNAL CONTROL MECHANISM AND INTERNAL AUDIT ACTIVITIES

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

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

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

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

LEGAL DISCLOSURES

Information on the Extraordinary General Assembly Meeting Held During the Year, if any

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

Affiliated Company Report

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

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

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

Grants and Donations

Donations can be made to foundations established for various purposes and to such persons and/or institutions within the limits set by the regulations of the Capital Markets Board on the subject. In 2020, our company furnished donations and grants in a total of 3,670,611 TL to various institutions and organizations.

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

Explanation on the subject is included in footnote 16 of our financial statements drawn for the period 01.01.2020 - 31.12.2020.

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

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

Amendments Made to the Articles of Association during the Period

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

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

Financial benefits furnished to the Chairperson and Members of the Board of Directors are determined within the framework of the Remuneration Policy posted on our website. The total amount of wages and similar payments provided to the Members of the Board of Directors and senior executives in the twelve-month period ending on 31.12.2020 is 5,731,775 TL.

Disclosures Regarding Independent and Public Audit During the Fiscal Period

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

Statement on Company Equity

As of December 31, 2020, it is seen that the equity level of 781,332,271 and the issued capital of 43,335,555 TL are excessively protected.

Voting Rights and Minority Interests

The following privilege in nominating candidates for the Board of Directors in Article 7 of the Company's Master Agreement. According to this;

If the Board of Directors consists of 5 members, 3 members, if it consists of 7 members, 4 members are selected from among the candidates to be nominated by "A" group shareholders, and the other members from among the candidates to be nominated by "B" group 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 the members representing Group A.

There is a privilege regarding voting rights is regulated in Article 19 of the Company's articles of association. Group A shares were granted 3 votes each, and Group B shares 1 vote each.

Regarding the exercise of voting right, there are no provisions in the Company's articles of association that prevent a non-shareholder from voting by proxy as a representative. Article 22 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 present shareholders at the meeting." In terms of votes used by proxy, it is complied with the regulations of the Capital Market Board.

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 9 of the company's articles of association. According to this;

The Board of Directors will convene as the business affairs of the company requires 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 takes decisions with the majority of the members present at the meeting."

Details regarding the working principles of the Board of Directors and the 2020 fiscal year are as follows:

The Board of Directors convened 38 times during the activity period. Usually all members attend the meetings. Damages to be inflicted on the company arising from the faults of the members of the board of directors during the execution of their duties are insured.

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

In our company, the Audit Committee, the Corporate Governance Committee and the Early Risk Detection Committee have been established.

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

Mr. Kemal Semerciler is the Chairperson of the Audit Committee and Mr. Sezai Bekgöz is the Committee Member. Both members are non-executive, non-affiliated board members. Audit Committee meetings are held at least once every three months, at least four times a year. Within the scope of the committee activities; information on the operations of the Company and internal control systems were obtained from the Company executives whereas audit findings were collected from the independent auditors. The committee supervises the accounting system of the partnership, the disclosure of financial information to the public, 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 non-executive and non-affiliated board member Mr. Kemal Semerciler is the Chairman of the Corporate Governance Committee and the Committee members are the non-executive and non-affiliated board member Mr. Cengiz Erol, the non-executive board member Mr. Yılmaz Gökoğlu and the Investor Relations Department Manager Mr. Tolga Bağcı. Corporate Governance Committee meetings are held at least once every 3 months, at least four times a year. The Corporate Governance

LEGAL DISCLOSURES

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 for determining, evaluating, training and rewarding candidates suitable for the Board of Directors, and determining policies and strategies in this regard. In addition, it evaluates the candidate proposals for independent membership, including the management and shareholders, by considering whether the candidate meets the independence criteria and submits its evaluation 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, taking into account the long-term goals of the company, within the scope of the Remuneration Committee duties.

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

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

Corporate Governance Committee made determinations about strengthening compliance with Corporate Governance Principles and submitted them to the board of directors together with their suggestions, and that the Early Detection of Risks Committee reviewed the effectiveness of internal controls and risk management processes and the structure of early warning systems and models for risks, as well as identifying risks.

Strategic Objectives of the Company

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

Dividend Distribution Policy

The Dividend Distribution Policy of Pinar Entegre Et ve Un Sanayii A.Ş. for 2013 and the following years, which was prepared in line with Capital Markets Legislation, was submitted for the approval of the 2013 Ordinary General Assembly and disclosed to the public; the information in mention can be found on the investor relations page of the Company's corporate website (www.pinar.com.tr) available in Turkish and English.

Access to KYBF and URF Addresses

The 2020 Corporate Governance Compliance Report (URF) and Corporate Governance Information Form (KYBF) prepared in accordance with the CMB's Decision No. 2/49 dated 10.01.2019, are separately disclosed at the public 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 found on the Public Disclosure Platform website. (<https://www.kap.org.tr/tr/sirket-bilgileri/ozet/1057-pinar-entegre-et-ve-un-sanayii-a-s>)

MEETING AGENDA

PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.**AGENDA OF THE ORDINARY GENERAL ASSEMBLY OF 2020 DATED 25 MARCH 2021**

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 2020 Annual Report prepared by the company's Board of Directors,
4. Reading and discussing the Independent Audit Report for the fiscal year 2020,
5. Reading, negotiating and approving the Financial Statements for the fiscal year 2020,
6. Releasing the members of the Board of Directors from their duties for the company's activities in 2020,
7. Submitting the selection of the Independent Audit Firm made by the Board of Directors to the approval of the General Assembly in Accordance with the Turkish Commercial Code and Capital Markets Board regulations,
8. Determining the number of members of the Board of Directors and their tenures, making selection according to the number of members determination of independent board members,
9. Pursuant to the 408th article of the Turkish Commercial Code, the wages of the members of the Board of Directors and determination of some rights such as attendance fee, bonuses and premiums,
10. Discussing and deciding on the amendment of Article 6 entitled "Registered Capital" of the Articles of Association,
11. Pursuant to Article 12 of the Corporate Governance Communiqué numbered II-17.1 of the Capital Markets Board, submitting information to shareholders about guarantees, pledges, mortgages and securities given in favor of 3rd persons by our Company and as well as income and benefits obtained,
12. Informing the shareholders about the donations made during the year and submitting the donation limit determined within the scope of Capital Markets Legislation for the approval of the General Assembly,
13. Discussing and settling on the issue of year profit,
14. Authorization of the Members of the Board of Directors to make transactions in accordance with the Articles 395 and 396 of the Turkish Commercial Code,
15. Wishes and opinions, closing.

AMENDMENT TO ARTICLES OF ASSOCIATION PROPOSAL

PINAR ENTEGRE ET VE UN SANAYİ A.Ş.

OLD VERSION REGISTERED REGISTERED CAPITAL Article 6-	NEW VERSION REGISTERED CAPITAL Article 6-
<p>The company, in accordance with the provisions of the Capital Market Law dated 28.7.1981 and numbered 2499 and with the decision of the Capital Markets Board dated 27.4.1983 and numbered 111, has adopted the Registered Capital System and has switched to this system accordingly.</p>	<p>The company, in accordance with the provisions of the Capital Market Law dated 28.7.1981 and numbered 2499 and with the decision of the Capital Markets Board dated 27.4.1983 and numbered 111, has adopted the Registered Capital System and has switched to this system accordingly.</p>
<p>The Registered Capital of the company is 100,000,000 TL. (ONE HUNDREDMILLION TURKISH LIRAS) Nominal value of each share: 1 Kr.</p>	<p>The Registered Capital of the company is 100,000,000 TL. (ONE HUNDREDMILLION TURKISH LIRA) Nominal value of each share: 1 Kr.</p>
<p>The registered capital ceiling permission given by the Capital Market Board is valid for a period of 5 (five) years from 2017-2021. Even if the permitted registered capital ceiling is not reached at the end of 2021, in order for the board of directors to take a decision to increase the capital after 2021, it is obligatory to obtain authorization from the general assembly for a new period by obtaining permission from the Capital Markets Board for the previously allowed ceiling, or a new ceiling amount. In case of failure to obtain the said authorization, the capital increase cannot be made with the decision of the board of directors.</p>	<p>The registered capital ceiling permission given by the Capital Market Board is valid for a period of 5 (five) years from 2021-2025. Even if the permitted registered capital ceiling is not reached at the end of 2025, in order for the board of directors to take a decision to increase the capital after 2025, it is obligatory to obtain authorization from the general assembly for a new period by obtaining permission from the Capital Markets Board for the previously allowed ceiling, or a new ceiling amount. In case of failure to obtain the said authorization, the capital increase cannot be made with the decision of the board of directors.</p>
<p>The issued capital of the company is 43,335,000 TL. 41,877,500 TL of this capital has been covered by Internal Resources, 337,500 TL of which is 45,000 TL of Pınar Un ve Tarım Ürünleri Sanayi A.Ş. was obtained by multiplying its issued capital by the 7.5 change unit approved by the Capital Markets Board and the partners, and the remaining 1,120,000 TL was paid in cash. 43,335,000 TL. issued capital of the amount of 1 Kr each consists of a total of 4,333,500,000 shares with a nominal value of 1,500,000 Group A registered shares and 4,332,000,000 Group B bearer shares.</p>	<p>The issued capital of the company is 43,335,000 TL. 41,877,500 TL of this capital has been covered by Internal Resources, 337,500 TL of which is 45,000 TL of Pınar Un ve Tarım Ürünleri Sanayi A.Ş. was obtained by multiplying its issued capital by the 7.5 change unit approved by the Capital Markets Board and the partners, and the remaining 1,120,000 TL was paid in cash. 43,335,000 TL. issued capital of the amount of 1 Kr each consists of a total of 4,333,500,000 shares with a nominal value of 1,500,000 Group A registered shares and 4,332,000,000 Group B bearer shares.</p>
<p>The Board of Directors is authorized to increase the issued capital from 2017-2021 by issuing in the name of the holder and/or bearer shares up to the registered capital ceiling, whenever it deems necessary, in accordance with the provisions of the Capital Markets Law.</p>	<p>The Board of Directors is authorized to increase the issued capital from 2021-2025 by issuing in the name of the holder and/or bearer shares up to the registered capital ceiling, whenever it deems necessary, in accordance with the provisions of the Capital Markets Law.</p>
<p>Shares representing capital are monitored within the framework of dematerialization principles.</p>	<p>Shares representing capital are monitored within the framework of dematerialization principles.</p>
<p>The Board of Directors is authorized to issue privileged shares above or below their nominal value, to limit the rights of shareholders to purchase new shares, or to take decisions in a manner that restricts the rights of privileged shareholders.</p>	<p>The Board of Directors is authorized to issue privileged shares above or below their nominal value, to limit the rights of shareholders to purchase new shares, or to take decisions in a manner that restricts the rights of privileged shareholders.</p>

DECLARATION OF NON-AFFILIATION

As a non-affiliated candidate for the Board of Directors at PINAR ENTEGRE ET VE UN SANAYİİ A.Ş. (the "Company")

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

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

Respectfully yours,

KEMAL SEMERCİLER



DECLARATION OF NON-AFFILIATION

As a non-affiliated candidate for the Board of Directors at PINAR ENTEGRE ET VE UN 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, that there is no joint or sole ownership of more than 5% of the capital or voting rights or privileged shares, and that a significant commercial relationship has not been established between myself, my spouse and my relatives up to the second degree by blood and marriage; with the company, partner company, and partners who possess, or have significant influence on the management control of the company, as well as legal entities over which these partners have management control,

- In the past five years, I have not been a shareholder (5% or more), or employed in a managerial position to assume important duties and responsibilities, or a member of the board of directors of companies in which the company purchases or sells services or products to a significant extent within the framework of agreements entered during the periods when services or products are purchased or sold, nor have I partaken in the audit (including tax audit, legal audit, internal audit) being in the first place, rating and consultation activities of the company,
- I have the professional education, knowledge and experience to fulfill the duties I will undertake due to being an independent board member,
- I am not working full-time after being elected as a member in public institutions and organizations, except as a university lecturer, provided that it is in accordance with the legislation I am bound with,
- I am deemed to be residing in Turkey according to 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 taking into account the rights of the stakeholders,
- I will be able to devote time to company affairs to the extent that would enable me to follow the functioning of the company activities and fully fulfill the requirements of the tasks I have undertaken,
- I have not served as a member on the company's board of directors for more than six years in total within the past ten years,
- I have not served as an independent board member in more than three of the companies controlled by the company or its shareholders who have management control, and in more than five of the companies listed on the stock exchange in total,

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

Respectfully yours,

Sezai BEKGÖZ



DIVIDEND DISTRIBUTION PROPOSAL

At the Board of Directors Meeting of our company dated 01.03.2021,

In the calculation of the net distributable profit for the year 2020; by taking into account the provisions of the Turkish 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; in accordance with financial tables audited independently and prepared in accordance with our company's Capital Markets Board II-14.1 Communiqué and based on Turkey's Accounting Standards, General Legal Reserve has not been allocated from 95,319,330 TL that is a net term profit of 2020 due to reaching the legal limit and net distributable profit for the period has been calculated as 95,319,330 TL .

Over the calculated distributable profit;

In line with CMB regulations, by taking into account donations amounting to 3,670,611 TL, distribution of First Dividend to the Shareholders in the amount of 19,797,988 TL, which corresponds to 20% of the distributable profit, to the allocation of the Board of Directors, not exceeding 5% in the articles of association, distribution of dividends not exceeding 3% of the remaining amount to foundations established for various purposes, and over the remaining amount, the first dividend and the total net amount of our nominal issued capital (43,335,000) Distribution of Second Dividend to the Shareholders in the amount of TL 46,071,212 (total net amount of the First and Second Dividend TL 55.988.820), allocation of General Legal Reserve Fund in the amount of TL 6,960,559 and the remaining it has been proposed that the issue of allocating the entire amount as Extraordinary Reserve Fund be submitted to the approval of the Ordinary General Assembly.

For each share traded on the stock exchange with a nominal value of 1 TL, a net cash dividend of 1.2920 TL will be paid.

We submit to your information.

Respectfully yours,
PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

2020 DIVIDEND DISTRIBUTION TABLE

PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.2020 Profit Share Distribution Table (TL)			
1. Paid-in / Issued Capital			43,335,000
2. General Legal Reserve Fund (According to Legal Records)			49,395,776
If there is a privilege in profit distribution in accordance with the articles of association, information on the said privilege			
		According to CMB	According to Legal Records (YK)
3. Term Profit		101,688,030	87,002,491
4. Taxes [-]		[6,368,700]	[7,890,207]
5. Net Profit For The Term [=]		95,319,330	79,112,284
6. Previous Years' Losses [-]		0	0
7. General Legal Reserve Fund [-]		0	0
8. NET DISTRIBUTABLE PERIOD PROFIT (=)		95,319,330	79,112,284
9. Donations Made During the Year (+)		3,670,611	
10. Net Distributable Term Profit with Donations Added		98,989,941	
11.	First Profit Share to Partners		
	- Cash	19,797,988	
	- Free of charge		
	- Total	19,797,988	
12.	Dividend Distributed to Privileged Shareholders		
13.	Other Dividend Distributed		
	- To the Members of the Board of Directors,	3,750,000	
	- To Employees		
	- To Persons Other Than Shareholders	2,153,140	
14.	Dividend Distributed to Dividend Right Certificate Holders		
15.	Second Dividend to Shareholders	46,071,212	
16.	General Legal Reserve Fund	6,960,559	
17.	Status Reserves		
18.	Special Reserves		
19.	EXTRAORDINARY RESERVE	16,586,431	379,385
20.	Other Resources Planned to be Distributed		
21.	General Legal Reserves Allocated for Other Resources Planned to be Distributed		

TABLE OF DIVIDEND SHARE RATES

	GROUP	TOTAL DISTRIBUTED PROFIT SHARE		TOTAL DISTRIBUTED PROFIT/NET DISTRIBUTABLE TERM PROFIT	DIVIDEND FOR SHARE WITH 1 TL NOMINAL VALUE	
		CASH (TL)	FREE OF CHARGE (TL)		AMOUNT (TL)	RATE (%)
NET	There is no privileged share group in the profit.	55,988,820		58.74%	1.2920	129.20
	TOTAL	55,988,820		58.74%	1.2920	129.20

STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

a) PINAR ENTEGRE ET VE UN 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, 2020.

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

The explanations to be made by our Company in accordance with Article 8 of the Corporate Governance Communiqué regarding the non-compulsory corporate governance principles that have not yet been complied with are presented below, per each principle:

- 1.3.11** There is no clause in the articles of association of our company regarding the participation of the beneficiaries and the media in the general assembly. Independent audit firm officials also attend our general assembly meetings, and our company has not received any request from other beneficiaries or members of the media to participate.
- 1.4.2** In accordance with Article 19 of the articles of association, Group A shares in the name of the holder were granted 3 votes and Group B bearer shares were granted 1 vote.
- 1.5.2** In parallel with general practices, rights have been granted to the minority interests within the framework of the provisions in the general regulations. Within the context of our company's capital structure and free float ratio, the practice is foreseen continuing as is at present.
- 4.3.9** A policy has not been established for the proportion of female members on the company's board of directors, but there are currently 2 female members on our board.
- 4.4.7** The members of the board of directors of our company are not restricted from taking other duties outside the company; however, the duties of the board members that they have taken outside the company are presented to the shareholders by including them in the annual report.
- 4.5.5** Since there are two non-affiliated members on the board of directors of our company, it is not possible for a board member to take part in only one committee.
- 4.6.1** There is no performance evaluation system established for the board of directors.
- 4.6.5** In line with general practices, the remuneration of the members of the board of directors and managers with administrative responsibilities are disclosed collectively in the annual report.

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

STATEMENT OF RESPONSIBILITY

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

We hereby declare in accordance with CMB regulations that; the financial position statement including footnotes, comprehensive income statement, cash flow statement and equity change statement, as well as board of directors activity report arranged by our Company and approved by the Board of Directors decision dated 26.02.2021 and numbered 2021/7 of the independently audited Pinar Entegre Et ve Un Sanayii A.Ş. for the accounting period 01.01.2020 - 31.12.2020, which were prepared in accordance with the Turkish Accounting Standards/Turkish Financial Reporting Standards (TMS/TFRS) and the formats determined by the CMB;

1. That they were examined by our Company,

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

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

We have reviewed the Corporate Governance Compliance Report ("URF") and the Corporate Governance Information Form ("KYBF") prepared for the fiscal period 01.01.2020 - 31.12.2020 within the framework of the CMB's decision dated 10.01.2019 and no 2/49, and confirm that the said reports were prepared in accordance with 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,

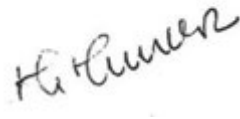
Best regards,

PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

Kemal SEMERCİLER
Head of the Audit Committee

Sezai BEKGÖZ
Member of the Audit Committee

Tunç TUNCER
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 Pinar Entegre Et ve Un Sanayii A.Ş.

1. Opinion

We have audited the annual report of Pinar Entegre Et ve Un Sanayii A.Ş. (the "Company") for the 1 January - 31 December 2020 period.

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

2. Basis for Opinion

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

3. Our Audit Opinion on the Full Set Financial Statements

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

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

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

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

PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

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

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



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

To the General Assembly of Pinar Entegre Et ve Un Sanayii A.Ş.

A. Audit of the financial statements

1. Our opinion

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

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

2. Basis for opinion

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

3. Key audit matters

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

Key Audit Matters	How the key audit matter was addressed in the audit
<p>Recoverability of trade receivables (Refer to Notes 5 and 6)</p>	
<p>Trade receivables amounting to 159.7 million TL have a significant volume in the financial statements as of 31 December 2020.</p>	<p>The following procedures have been applied to audit the recoverability of trade receivables:</p>
<p>While evaluating the recoverability of such trade receivables, the Company management takes into account the collaterals received from customers, past collection performances, customers' credibility information, maturity analysis and any disagreements or lawsuits regarding the receivables, if any. As a result of all these evaluations, the determination of doubtful receivables and the determination of the amount of provisions allocated for these receivables include the assumptions and estimates of the management. On the other hand, these estimates used are very sensitive to market conditions.</p>	<ul style="list-style-type: none"> • The company's receivable follow-up and credit risk management policy, including credit limits management, has been understood and evaluated. • Trade receivable balances were tested by sending verification letters by sampling. • The aging of trade receivables has been analyzed. • The collections made in the following period were tested by sampling. • Guarantees received from customers were tested through sampling. • It was investigated whether there was any dispute or lawsuit regarding the collection of trade receivable balances and written evaluations were obtained from the legal advisors regarding the ongoing lawsuits. • In the framework of the negotiations with the company management, it has been evaluated whether the basic assumptions and other judgments that form the basis of the impairment calculations are reasonable. • The appropriateness and adequacy of the disclosures in the financial statement footnotes regarding the recoverability of trade receivables in accordance with the relevant financial reporting standards have been evaluated.
<p>For these reasons, the recoverability of these receivables has been determined to be a key audit subject.</p>	



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

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

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

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

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

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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



B. Other responsibilities arising from regulatory requirements

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

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

Serdar İnanc, SMMM
Partner

İstanbul, 26 February 2021

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CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

STATEMENTS OF FINANCIAL POSITION (BALANCE SHEETS)

FOR THE YEAR ENDED 31 DECEMBER 2020 AND 2019

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

	Notes	31 December 2020	31 December 2019
ASSETS			
Current Assets			
Cash and cash equivalents	4	22,875,684	31,544,019
Trade receivables		159,735,763	117,367,077
- Trade receivables from related parties	5	138,247,816	96,159,151
- Trade receivables from third parties	6	21,487,947	21,207,926
Other receivables		21,274,107	10,182,535
- Other receivables from related parties	5	21,161,651	10,154,090
- Other receivables from third parties		112,456	28,445
Inventories	8	86,539,144	59,477,549
Biological assets	9	17,263,737	13,225,488
Prepaid expenses		1,088,158	2,026,244
- Prepaid expenses to third parties	10	1,088,158	2,026,244
Other current assets		175,704	162,692
- Other current assets from third parties	19	175,704	162,692
TOTAL CURRENT ASSETS		308,952,297	233,985,604
Non-Current Assets			
Financial investments	32	2,544,588	1,518,196
Investments in associates accounted for using equity method	3	332,440,796	237,886,622
Other receivables		70,000,000	-
- Other receivables from related parties	5	70,000,000	-
Investment property	13	23,230,000	21,115,000
Property, plant and equipment	11	362,116,941	351,150,676
- Land		165,122,476	165,122,476
- Land improvements		9,482,640	9,475,350
- Buildings		68,130,941	70,744,574
- Machinery and equipment		108,007,975	90,237,402
- Vehicles		274,254	509,627
- Furniture and fixtures		10,759,846	9,480,798
- Construction-in-progress		338,809	5,580,449
Right of use assets		3,783,111	1,557,549
Intangible assets		3,731,517	2,485,274
- Other intangible assets	12	3,731,517	2,485,274
Prepaid expenses		155,455	4,363
- Prepaid expenses to third parties	10	155,455	4,363
TOTAL NON-CURRENT ASSETS		798,002,408	615,717,680
TOTAL ASSETS		1,106,954,705	849,703,284

These financial statements at 1 January - 31 December 2020 and for the year then ended were approved for issue by the Board of Directors of Pinar Entegre Et ve Un Sanayii A.Ş. on 26 February 2021. General Assembly and specified regulatory bodies have the right to make amendments after statutory consolidated financial statements issued.

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

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR ENTEGRE ET VE UN SANAYİİ A.Ş. STATEMENTS OF FINANCIAL POSITION (BALANCE SHEETS) FOR THE YEAR ENDED 31 DECEMBER 2020 AND 2019 (Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

	Notes	31 December 2020	31 December 2019
LIABILITIES			
Short-Term Liabilities			
Short-term borrowings		7,633,106	5,270,117
- Short-term borrowings to third parties		7,633,106	5,270,117
- Bank borrowings	15	7,633,106	5,230,556
- Financial lease liabilities	15	-	39,561
Short-term portion of long-term borrowings		1,554,762	1,071,963
- Short-term portion of long-term borrowings from third parties		1,554,762	1,071,963
- Bank borrowings	15	342,125	-
- Borrowings from lease liabilities	15	1,212,637	1,071,963
Other financial liabilities	15	4,408,539	3,615,787
- Other miscellaneous financial liabilities		4,408,539	3,615,787
Trade payables		142,942,317	111,059,128
- Trade payables due to related parties	5	24,052,229	23,304,510
- Trade payables due to third parties	6	118,890,088	87,754,618
Payables related to employee benefits	17	2,789,376	1,529,111
Other payables		22,165,049	9,568,858
- Other payables due to related parties	5	8,517,758	7,487,011
- Other payables due to third parties	7	13,647,291	2,081,847
Deferred income		808,080	253,126
- Deferred income from third parties	10	808,080	253,126
Current income tax liabilities	28	4,177,518	2,099,518
Short-term provisions		1,136,198	722,992
- Short-term provision for employee benefits	17	779,871	321,110
- Other short-term provisions	16	356,327	401,882
Other current liabilities		57,679	5,438
- Other current liabilities due to third parties	19	57,679	5,438
TOTAL SHORT-TERM LIABILITIES		187,672,624	135,196,038
Long-Term Liabilities			
Long-term borrowings	15	72,770,446	578,930
- Long-term borrowing due to third parties		72,770,446	578,930
- Bank borrowings	15	70,000,000	-
- Borrowings from lease liabilities	15	2,770,446	578,930
Long-term provisions		39,330,203	30,969,303
- Long-term provisions for employee termination benefits	17	39,330,203	30,969,303
Deferred income tax liabilities	28	25,849,161	28,258,716
TOTAL LONG-TERM LIABILITIES		137,949,810	59,806,949
TOTAL LIABILITIES		325,622,434	195,002,987

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

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

STATEMENTS OF FINANCIAL POSITION (BALANCE SHEETS)

FOR THE YEAR ENDED 31 DECEMBER 2020 AND 2019

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

	Notes	31 December 2020	31 December 2019
EQUITY			
Equity attributable to owners of the parent company		781,332,271	654,700,297
Share capital	20	43,335,000	43,335,000
Share capital	20	37,059,553	37,059,553
Other accumulated comprehensive income/(loss) that will not be reclassified to profit/(loss)		334,141,101	274,598,000
- Gains (losses) on revaluation and remeasurement		184,872,916	193,834,938
- Increases (decreases) on revaluation of property, plant and equipment	11	200,578,955	205,783,531
- Actuarial loss arising from defined benefit plans		(15,706,039)	(11,948,593)
- Share of other comprehensive income of investments in associates accounted for using equity method that will not be reclassified to profit/(loss)		147,560,914	80,030,871
- Revaluation or classification earnings of assets at fair value through other comprehensive income	32	1,707,271	732,191
Other accumulated comprehensive income (loss) that will be reclassified to profit/(loss)		15,234,912	9,266,243
- Share of other comprehensive income of investments in associates accounted for using equity method that will be reclassified to profit/(loss)		15,234,912	9,266,243
Decrease/(Increase) due to other changes		(1,783,387)	(2,377,849)
Restricted reserves		49,491,256	45,523,458
- Legal reserves	20	49,491,256	45,523,458
Retained earnings		208,534,506	201,102,304
Net profit for the year		95,319,330	46,193,588
TOTAL EQUITY		781,332,271	654,700,297
TOTAL LIABILITIES AND EQUITY		1,106,954,705	849,703,284

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

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

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

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

	Notes	1 January - 31 December 2020	1 January - 31 December 2019
PROFIT OR LOSS			
Revenue	21	841,317,099	747,913,636
Cost of sales	21	(696,855,240)	(633,557,724)
Gross profit from trading operations		144,461,859	114,355,912
Change in fair value of biological assets	9	(176,862)	170,389
Gross profit		144,284,997	114,526,301
General administrative expenses	22	(26,756,823)	(24,946,109)
Marketing expenses	22	(38,997,639)	(33,154,706)
Research and development expenses	22	(3,375,876)	(2,124,429)
Other income from operating activities	23	5,194,671	5,918,619
Other expense from operating activities	23	(6,139,787)	(4,402,480)
OPERATING PROFIT		74,209,543	55,817,196
Income from investment activities	24	10,327,280	3,396,096
Expense from investment activities	24	-	(1,058,605)
Share of results of investment-in-associates	3	23,039,969	(785,463)
OPERATING PROFIT BEFORE FINANCIAL INCOME (EXPENSE)		107,576,792	57,369,224
Financial income	26	4,936,994	4,938,419
Financial expense	26	(10,825,756)	(5,744,857)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		101,688,030	56,562,786
Tax expense of continuing operations		(6,368,700)	(10,369,198)
- Current period tax expense	28	(7,890,207)	(11,563,439)
- Deferred tax income/(expense)	28	1,521,507	1,194,241
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		95,319,330	46,193,588
PROFIT FOR THE YEAR		95,319,330	46,193,588
Earnings per share		2,1996	1,0660
- Earnings per Kr 1 number of 100 shares from continuing operations	29	2,1996	1,0660

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

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME

FOR THE PERIODS ENDED AT 1 JANUARY - 31 DECEMBER 2020 AND 2019

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

	Notes	1 January - 31 December 2020	1 January - 31 December 2019
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(expense) that will not be reclassified to profit or loss:		66,594,236	99,846,355
Gains on			
revaluation of property, plant and equipment	11	-	43,579,162
Losses on			
remeasurements of defined benefit plans	17	(4,696,808)	(2,667,326)
Share of other comprehensive income of associates accounted for using equity method that will not be reclassified to profit or loss		69,376,602	63,766,530
- Revaluation increases of property, plant and equipment of associates accounted for using equity method	3	-	7,814,430
- Losses on remeasurements of defined benefit plans of associates accounted for using equity method	3	(2,046,018)	(1,003,910)
- Share of other comprehensive income of investments in associates accounted for using equity method that will not be reclassified to profit or loss		71,422,620	56,956,010
Revaluation or classification earnings of assets at fair value through other comprehensive income		975,080	229,109
Taxes relating to other comprehensive income that will not be reclassified to profit or loss		939,362	(5,061,120)
- Gains on revaluation of property, plant and equipment, tax effect		-	(5,594,585)
- Losses on remeasurements of defined benefit plans, tax effect	28	939,362	533,465
Other Comprehensive Income that will be reclassified to Profit or Loss:		5,968,669	1,468,629
- Gains on foreign currency translation differences of associates accounted for using equity method	3	5,968,669	1,468,629
OTHER COMPREHENSIVE INCOME/(EXPENSE)		72,562,905	101,314,984
TOTAL COMPREHENSIVE INCOME		167,882,235	147,508,572

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

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED AT

31 DECEMBER 2020 AND 2019

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

	Kar veya Zararda Yeniden Sınıflandırılmayacak Birlikmiş Diğer Kapsamlı Gelirler veya Giderler			Other Comprehensive Income/ (Expense) to be Reclassified in Profit or Loss								
	Share Capital	Adjustment to Share Capital	Gain (Losses) on Revaluation of Property Plant and Equipments	Gains (Losses) on Remeasurements of Defined Benefit Plans	Revaluation or Classifications of Assets at Earnings of Assets at Fair Value Through Other Comprehensive Income	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 for Using Equity Method that will be Reclassified to Profit or Loss	Other (Losses)/ Gains	Restricted Reserves	Retained Earnings	Profit for the Year	Total Equity
1 January 2019	43,335,000	37,059,553	172,984,907	(9,814,732)	503,082	17,702,259	7,797,614	-	41,329,035	180,664,449	62,117,389	553,680,556
Transfers (Decrease)/Increase due to other changes (Notes 2.4 and 3)	-	-	(5,187,952)	-	-	(1,437,918)	-	-	-	68,743,259	(62,117,389)	-
Profit shares (Note 5.i.ii.m)	-	-	-	-	-	-	-	(2,377,849)	-	-	-	(2,377,849)
Total comprehensive income/(expenses)	-	-	37,984,577	(2,133,861)	229,109	63,766,530	1,468,629	-	4,194,423	(48,305,405)	-	(44,110,982)
- Profit for the year	-	-	-	-	-	-	-	-	-	-	46,193,588	147,508,572
- Other comprehensive income / (expenses)	-	-	37,984,577	(2,133,861)	229,109	63,766,530	1,468,629	-	-	-	46,193,588	46,193,588
31 December 2019	43,335,000	37,059,553	205,783,531	(11,948,593)	732,191	80,030,871	9,266,243	(2,377,849)	45,523,458	201,102,304	46,193,588	654,700,297
1 January 2020	43,335,000	37,059,553	205,783,531	(11,948,593)	732,191	80,030,871	9,266,243	(2,377,849)	45,523,458	201,102,304	46,193,588	654,700,297
Transfers (Decrease)/Increase due to other changes (Notes 2.4 and 3)	-	-	(5,204,576)	-	-	(1,846,559)	-	-	-	53,244,723	(46,193,588)	-
Profit shares (Note 5.i.ii.m)	-	-	-	-	-	-	-	594,462	-	-	-	594,462
Total comprehensive income/(expenses)	-	-	-	-	975,080	69,376,602	5,968,669	-	3,967,798	(45,812,521)	-	(41,844,723)
- Profit for the year	-	-	-	-	-	-	-	-	-	-	95,319,330	167,882,235
- Other comprehensive income / (expenses)	-	-	-	-	975,080	69,376,602	5,968,669	-	-	-	95,319,330	95,319,330
31 December 2020	43,335,000	37,059,553	200,578,955	(15,706,039)	1,707,271	147,560,914	15,234,912	(1,783,387)	49,491,256	208,534,506	95,319,330	781,332,271

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

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

STATEMENTS OF CASH FLOWS

FOR THE PERIODS BETWEEN 1 JANUARY - 31 DECEMBER 2020 AND 2019

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

	Notes	1 January - 31 December 2020	1 January - 31 December 2019
CASH FLOWS FROM OPERATING ACTIVITIES:		50,376,173	61,909,727
Profit for the Year		95,319,330	46,193,588
Profit (Loss) for the Year from Continuing Activities		95,319,330	46,193,588
Adjustments Related to Reconciliation of Net Profit for The Year		1,035,065	30,211,995
Adjustments for tax expense	28	6,368,700	10,369,198
Adjustments for depreciation and amortization	11.12	18,654,532	18,213,411
Adjustments for interest expense and interest income		(2,324,521)	(4,118,835)
- Adjustments for interest income	23.24.26	(12,625,482)	(6,287,607)
- Adjustments for interest expense	23.26	10,300,961	2,168,772
Adjustments for provisions		4,141,503	5,966,781
- Adjustments for provisions related with employee benefits	22.26	4,187,058	5,966,781
- Adjustments related to provisions (reversal) for lawsuits and/or penalty	16	(45,555)	-
Adjustments for profit shares (income) expense		(12,803)	(14,857)
Adjustments for undistributed profits of investments accounted for using equity method		(23,039,969)	785,463
- Adjustments for undistributed profits of associates	3	(23,039,969)	785,463
Adjustments for fair value losses (gains)		(1,767,749)	(2,237,781)
- Fair value of investment property			
Revisions on losses (gains)	24	(2,115,000)	(1,888,225)
- Adjustments for fair value losses (gains) of biological assets or agricultural products	9	347,251	(349,556)
Adjustments for fair value loss (reversal)		266,749	1,851,623
- Adjustments for decrease in fair value of inventories		80,715	62,433
- Adjustments for fair value decrease (reversal) in receivables	6	186,034	869,190
Adjustments for impairment/(cancellation) on tangible assets		-	920,000
Adjustments for losses (gains) arisen from sale of fixed assets		(16,997)	(65,522)
- Adjustments for losses (gains) arisen from sale of tangible assets	24	(16,997)	(65,522)
Adjustments for unrealized foreign currency translation differences		(1,234,380)	(537,486)
Changes in Working Capital		(36,276,312)	(1,592,193)
Adjustments related to (increase)/decrease in trade receivables		(40,833,990)	(15,820,410)
- (Increase)/decrease in trade receivables from related parties	5	(40,638,309)	(14,420,808)
- Increase in trade receivables from non-related parties		(195,681)	(1,399,602)
Adjustments related to decrease/(increase) in inventories		(27,061,595)	7,631,971
Decrease/(increase) in biological assets		(4,385,500)	5,152,543
Adjustments related to decrease/(increase) in other receivables		(84,011)	18,940
Decrease/(increase) in other receivables related with operations from non-related parties		(84,011)	18,940
(Increase)/decrease in prepaid expenses		786,994	(1,057,995)
Adjustments for (decrease)/increase in trade payables		31,129,201	(593,126)
- (Decrease)/increase in trade payables to related parties	5	747,719	(2,777,964)
- Increase in trade payables to non-related parties		30,381,482	2,184,838
Increase/(decrease) in payables related to employee benefits		348,861	2,965,534
Increase/(decrease) in deferred income		554,954	9,866
Other adjustments for other increase in working capital		3,268,774	100,484
- Increase in other assets related with operations		(13,012)	34,220
- Increase in other liabilities related with operations		3,281,786	66,264
Cash Flows from Operations		60,078,083	74,813,390
Payments related with provisions for employee benefits		(3,889,703)	(3,739,742)
Income taxes (paid) refund		(5,812,207)	(9,463,921)

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

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

STATEMENTS OF CASH FLOWS

FOR THE PERIODS BETWEEN 1 JANUARY - 31 DECEMBER 2020 AND 2019

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

	Notes	1 January - 31 December 2020	1 January - 31 December 2019
CASH FLOWS FROM INVESTMENT ACTIVITIES		(94,315,677)	10,263,888
Interest received		12,625,482	6,287,605
Dividends received	5	1,716,346	6,818,375
Collections/(paybacks) from cash advances and loans made		(81,007,561)	7,376,240
- Collections/(paybacks) from cash advances and loans made to related parties		(81,007,561)	7,376,240
Cash outflows due to purchase of fixed assets		(30,308,210)	(10,445,793)
- Cash outflows due to purchase of tangible assets		(28,013,989)	(8,689,015)
- Cash outflows due to purchase of intangible assets		(2,294,221)	(1,756,778)
Cash outflows due to purchase of investment properties		-	(71,775)
Cash inflows from sales of fixed assets		16,997	299,236
- Cash inflows from sales of tangible assets		16,997	299,236
Cash inflows of affiliates and / or joint ventures due to share sales or capital decrease		2,641,269	-
CASH FLOWS FROM FINANCING ACTIVITIES		35,003,527	(44,166,720)
Cash inflows from financial borrowings		119,683,649	30,365,451
- Cash inflows from loans		118,930,458	29,347,626
- Cash inflows from other financial liabilities		753,191	1,017,825
Cash outflows from payments		(46,185,783)	(29,239,848)
- Cash outflows for loan repayments		(46,185,783)	(29,239,848)
Payments of lease liabilities		(903,579)	(2,007,874)
Interest paid		(5,112,682)	(1,573,465)
Dividends paid		(32,478,078)	(41,710,984)
Net Increase in Cash and Cash Equivalents Before Effect of Foreign Currency Translation Differences		(8,935,977)	27,706,895
EFFECT OF CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS		267,642	237,739
Net Increase in Cash and Cash Equivalents		(8,668,335)	27,944,634
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		31,544,019	3,599,385
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		22,875,684	31,544,019

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

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

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

The Company is a member of Yaşar Group. Majority of the Company's sales in the domestic market amounting approximately 78% (2019: 72%) are made to its investment-in-associate, Yaşar Birleşik Pazarlama Dağıtım Turizm ve Ticaret A.Ş. ('YBP'), and majority of the exports are made to Yaşar Dış Ticaret A.Ş. ('YDT'), which are both Yaşar Group companies (Note 5).

Company shares are traded on Borsa İstanbul ('BİST'). The ultimate parent of the Company is Yaşar Holding A.Ş. ('Yaşar Holding') with as of 31 December 2020 54% shares of the Company (31 December 2019: 54%) (Note 20).

The average number of personnel is 736 as of 31 December 2020 (31 December 2019: 751 personnel).

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

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

The accompanying financial statements are prepared in accordance with Communiqué Serial II, No:14.1, 'Principles of Financial Reporting in Capital Markets' ('the Communiqué') published in the Official Gazette numbered 28676 on 13 June 2013. According to Article 5 of the Communiqué, financial statements are prepared in accordance with the Turkish Accounting Standards ('TAS') and its addendum and interpretations issued by Public Oversight Accounting and Auditing Standards Authority ('POAASA'). TAS contains Turkish Accounting standards, Turkish Financial Reporting standards ('IFRS') and its addendum and interpretations ('IFRS').

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

In accordance with the CMB resolution issued on 17 March 2005, listed companies operating in Turkey are not subject to inflation accounting effective from 1 January 2005. Therefore, the financial statements of the Company have been prepared accordingly.

The Company maintains its books of accounts and prepares its statutory financial statements in accordance with the Turkish Commercial Code ('TCC'), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance and principles issued by CMB. Subsidiaries operating in foreign countries have prepared their financial statements in accordance with the laws and regulations of the countries in which they operate. These financial statements have been prepared under historical cost conventions except for financial assets, financial liabilities, land, buildings and land improvements, machinery and equipments, investment properties and biological assets which are carried at fair value. The financial statements are based on the statutory records, which are maintained under historical cost conventions, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with IAS/IFRS. The Company's functional and reporting currency is Turkish Lira ('TL').

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR ENTEGRE ET VE UN SANAYİİ A.Ş. NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020 (Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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

2.2 Amendments in International Financial Reporting Standards

a) Standards, amendments and interpretations applicable as at 31 December 2020:

- **Amendments to IAS 1 and IAS 8 on the definition of material;** effective from Annual periods beginning on or after 1 January 2020. These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs:
 - i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting,
 - ii) clarify the explanation of the definition of material and
 - iii) incorporate some of the guidance in IAS 1 about immaterial information
 - **Amendments to IFRS 3 - definition of a business;** effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.
 - **Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest rate benchmark reform;** effective from Annual periods beginning on or after 1 January 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.
 - **Amendments to TFRS 16 "Leases - COVID 19 Lease concessions";** effective from annual periods beginning on or after 1 June 2020. Due to the COVID-19 outbreak, some concessions were provided to tenants in rent payments. These concessions can take a variety of forms, including suspension or postponement of lease payments. On May 28, 2020, with the amendment to the IFRS 16 Leases standard, the IASB introduced an optional facilitating application for tenants to not evaluate whether the privileges granted due to COVID-19 in lease payments are a change in the lease. Tenants may choose to account for such lease concessions in accordance with the provisions that apply in the absence of a change to the lease. This ease of implementation often causes the lease concession to be accounted for as variable lease payment in periods when an event or condition that triggers a reduction in lease payments occurs.
- b) **New standards, amendments and interpretations issued and effective as of 31 December 2020 have not been presented since they are not relevant to the operations of the Company or have insignificant impact on the financial statements.**

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020

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

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

2.2 Amendments in International Financial Reporting Standards (Continued)

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

- **Amendment to TAS 1, "Presentation of financial statements" regarding the classification of liabilities;** effective from Annual periods beginning on or after 1 January 2022. These narrow-scope amendments to TAS 1, "Presentation of financial statements", explain that liabilities are classified as current or non-current, depending on the rights existing at the end of the reporting period. The amendment also clarifies what IAS 1 means to "settle" a liability.
- **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
 - o 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.
 - o 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.
 - o Amendments to TAS 37, 'Provisions, Contingent Liabilities and Contingent Assets'; this amendment specifies what costs a company involves when deciding whether to lose from a contract.

Annual improvements make minor changes to the explanatory examples of TFRS 1, 'First application of International Financial Reporting Standards' TFRS 9 'Financial Instruments', TAS 41 'Agricultural Activities' and TFRS 16.
- **Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 - The benchmark interest rate reform Phase 2;** effective from Annual periods beginning on or after 1 January 2021. This Phase 2 change addresses the problems arising from the implementation of reforms, including the replacement of an indicator interest rate with an alternative.

The Company will evaluate the effects of amendments mentioned above on its operations and apply them from the effective date. New standards and amendments which are not relevant to the operations of the Company issued but not effective as of 31 December 2020 have not been presented above.

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PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020

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

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

2.3 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.

2.4 Basis of Consolidation

The Company does not have any subsidiary to be consolidated in the financial statements. The investments-in-associates are accounted for using the equity method and are initially recognized at cost. These are undertakings over which the Company has between 20% and 50% of the voting rights, or over which the Company has significant influence, but which not control. Unrealized gains on transactions between the Company has significant influence, but which not control. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates; unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The Company's share of its associates' post-acquisition profits or losses is recognized in the statement of comprehensive income, and its share of post-acquisition movements in reserves, such as fair value changes in available-for-sale financial assets, revaluation of property, plant and equipments, depreciation transfer and recognition of such reserves, is recognized in statement of changes in equity and statement in comprehensive income. Dividends to be received or receivable from associates are accounted for as a reduction of the carrying amount of the investment.

Acquisitions of subsidiary acquisitions that do not result in the loss of significant activity or control gain are accounted for as goodwill in the value of the associate as the difference between the fair value of the associate's identifiable net assets and the fair value of the consideration paid for the asset as of the acquisition date.

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

The equity method is not continued on the basis of the fact that the registered value of the investment in the associate is zero or the significant effect of the Group is terminated as long as the Group 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 IAS/IFRS, in proportion to the decrease in the proportion of the equity participations that do not result in loss of significant activity.

The participation amounts that do not result from the changes in total comprehensive income/ expense are processed with the associating equity components.

The book value of the investment accounted for by the equity method is tested for impairment according to the policy described in Note 2.7.8.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020

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

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

2.4 Basis of Consolidation (Continued)

The table below sets out the associates and the proportion of ownership interest as of 31 December 2020 and 2019 (Note 3):

<u>Investments-in-associates</u>	<u>Shareholding (%)</u>	
	2020	2019
YBP	42.78	42.78
Çamlı Yem Besicilik Sanayi ve Ticaret A.Ş. ('Çamlı Yem')	23.38	23.38
Pınar Foods GmbH ('Pınar Foods')	44.94	44.94
Desa Enerji Elektrik Üretim A.Ş. ('Desa Enerji')	26.41	26.41

Foreign currency translation

i) *Functional and reporting currency*

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

ii) *Transactions and balances*

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

iii) *Translation of financial statements of foreign associate*

Financial statements of Pınar Foods operating in Germany are prepared according to the legislation of the country in which it operates, and adjusted to the financial reporting standards issued by the IAS/IFRS. The assets and liabilities of foreign associate are translated into TL from the foreign exchange rates at the balance sheet date, and the statement of comprehensive income items of foreign associate are translated into TL at the average foreign exchange rates in the period. As of 31 December 2020, the equivalent of EUR1 is TL9,0079 (31 December 2019: TL6,6506) and for the year then ended, the average equivalent of EUR1 is TL8,0278 (31 December 2019: TL6,3477). 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

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020

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

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

2.5 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.

2.6 Comparative Information

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

2.7 Summary of Significant Accounting Policies

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

2.7.1 IFRS 16 - 'Leases'

The Company as the lessee

At inception of a contract, the Company assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group considers the following matters when assessing whether the agreement transfers the right to control the use of an identified asset for a limited period of time:

- The contract contains 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,

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020

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

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

2.7 Summary of Significant Accounting Policies (Continued)

2.7.1 IFRS 16 - 'Leases' (Continued)

- The Company has the right to direct use of the asset. The Company concludes to have the right of use, when it is predetermined how and for what purpose the Company will use the asset. The Group has the right to direct use of asset if either:
 - i. The Company has the right to operate the asset (or to direct others to operate the asset in a manner that it determines) throughout the period of use, without the supplier having the right to change those operating instructions or
 - ii. The customer designed the asset (or specific aspects of the asset) in a way that predetermines how and for what purpose the asset will be used throughout the period of use.

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

Right of use asset

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

- 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).

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

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

The Company applies the depreciation requirements in IAS 16, 'Property, Plant and Equipment' in depreciating the right-of-use asset, subject to the requirements.

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

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FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020

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

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

2.7 Summary of Significant Accounting Policies (Continued)

2.7.1 IFRS 16 - 'Leases' (Continued)

Lease liability

At the commencement date, The Company measure the lease liability at the present value of the lease payments that are not paid at that date. Lease payments are deducted using the implicit interest rate on the lease if this rate can be easily determined. If it cannot, the incremental borrowing rate of the interest on the lease is used.

Lease payments included in the calculation of the company's lease obligation and not realized on the date the lease actually starts consist of following:

- 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,
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

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

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

Extension and early termination options

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

Facilitating applications

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

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020

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

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

2.7 Summary of Significant Accounting Policies (Continued)

2.7.2 Revenue recognition

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

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

- Identification of customer contracts,
- Identification of performance obligations,
- Determination of the transaction price in the contract,
- Dividing the transaction price into the contractual performance obligations,
- Revenue recognition when each performance obligation is fulfilled.

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

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

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

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PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020

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

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

2.7 Summary of Significant Accounting Policies (Continued)

2.7.2 Revenue recognition (Continued)

Revenue from product sales

The company generates proceeds by selling frozen dough and ready-to-eat products with the production of meat and by-products of cattle and sheep and poultry and fish. Revenue is recognized when product control is transferred to the customer.

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

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

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

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

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.

Interest Income:

Interest income is recognized on a time-proportion basis using the effective interest method. The amount of the provision for receivables is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate and recognized as interest income.

Other revenues earned by the Company are recognized on the following bases:

Rental income - recognized evenly on an accrual basis.

Dividend income - when the Company's right to receive payment is established.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020

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

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

2.7 Summary of Significant Accounting Policies (Continued)

2.7.3 Inventories

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

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

2.7.4 Biological assets

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

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

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

2.7.5 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 and if exists provisions. Land, land improvements and buildings as of 31. December 2020 and machinery and equipment as of 31 December 2019 are stated at fair value less accumulated depreciation, based on valuations made by external independent expert (Note 11). Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the relevant asset and the net amount is restated to the revalued amount of the asset.

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

2.7 Summary of Significant Accounting Policies (Continued)

2.7.5 Property, plant and equipment (Continued)

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. For certain assets, the increase was recognized in the statement of comprehensive income to the extent that it reversed the impairment of the same asset previously recognized in the statement of comprehensive income. Decreases that offset previous increases of the revalued asset are charged against that reserve; all other decreases are charged to the statement of comprehensive income. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to the statement of comprehensive income) and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings, and the amount transferred is net of applicable deferred income tax.

Buildings, land improvements, machinery and equipment are capitalized and depreciated when they are in the location and condition necessary for it to be capable of operating in the manner intended by the management. Residual values of property, plant and equipment are deemed as negligible.

The advances given for the property, plant and equipment purchases are classified in prepaid expenses under other non-current assets until the related asset is capitalized. At each balance sheet date, residual values and estimated useful lives of property, plant and equipment are reviewed and adjusted if appropriate, prospectively.

Depreciation is provided on the cost or revalued amounts of property, plant and equipment on a straight-line basis less any impairment (Note 11). Land is not depreciated as it is deemed to have an indefinite life. Approximate useful lives of property, plant and equipment are as follows:

	<u>Years</u>
Buildings and land improvements	5 - 30
Machinery and equipments	5 - 20
Furniture and fixtures	5 - 10
Motor vehicles	5

Subsequent costs are included in the asset's carrying value recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Property, plant and equipment are reviewed for impairment losses, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of assessing impairment, property plant and equipment assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). If the property, plant and equipments that are impaired, are revalued, the impairment is charged to the revaluation reserves to the extent that the amount offsetting previous increases of the same asset charged in the revaluation reserves and all other decreases are recognized in the statement of comprehensive income. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of fair value less cost to sell or value in use.

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

2.7 Summary of Significant Accounting Policies (Continued)

2.7.5 Property, plant and equipment (Continued)

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

2.7.6 Intangible assets

Intangible assets have finite useful lives and mainly comprise acquired rights and information processing software. Intangible assets acquired before carried at cost in the equivalent purchasing power of TL and items acquired after carried at cost, less accumulated amortization and impairment losses, if any. They are recorded at acquisition cost and amortized on a straight-line basis over their estimated useful lives for a period of five years from the date of acquisition (Note 12). Costs associated with maintaining computer software programs are recognized as an expense when incurred. Gain or losses on disposals or on impairments of intangible assets with respect to their amounts are included in the related income and expense accounts. Residual values of intangible assets are deemed as negligible. Intangible assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of assessing impairment, intangible assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of fair value less cost to sell or value in use.

2.7.7 Investment property

Instead of being used in the production of goods and services or for administrative purposes or sold during the normal course of business, land and buildings held for the purpose of obtaining a lease or for appreciation or both are classified as investment properties. Investment property is reflected to the financial statements at fair value as of 31 December 2020 by independent professional appraisal company TSKB Gayrimenkul Değerleme A.Ş. Changes in the fair value of investment properties are accounted for under profit / loss and comprehensive income from investment activities under income / expenses (Note 24)..

2.7.8 IFRS 9 - '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)

2.7 Summary of Significant Accounting Policies (Continued)

2.7.8 IFRS 9 - 'Financial assets' (Continued)

(a) Financial assets recognized at amortized cost

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

Impairment

The Company has applied simplified approach and used impairment matrix for the calculation of impairment on its receivables carried at amortized cost, since they do not comprise of any significant finance component. In accordance with this method, if any provision provided to the trade receivables as a result of a specific event, Company measures expected credit loss from these receivables by the life-time expected credit loss. The calculation of expected credit loss is performed based on the past experience of the Company and its expectations for the future indications. The Company management has evaluated the effect of the calculation as of 31 December 2019 and 31 December 2020 the expected credit losses calculation has no significant effect on the year-end financial statements.

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

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

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

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

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

2.7 Summary of Significant Accounting Policies (Continued)

2.7.9 Borrowing and borrowing costs

Borrowings are recognized initially at the proceeds received, net of any transaction costs incurred. In subsequent periods, borrowings are restated at amortized cost using the effective yield method. Any difference between proceeds (net of transaction costs) and the redemption value is recognized in the statement of comprehensive income over the period of the borrowings. Borrowing costs are expensed as incurred (Note 26). If the borrowings mature within 12 months, then they are classified in current liabilities, otherwise they are classified in non-current liabilities (Note 15).

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

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

2.7.10 Earnings per share

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

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

In case of dividend distribution, earnings per share is calculated by dividing net income by the number of shares, rather than dividing by weighted average number of shares outstanding.

2.7.11 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.

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

2.7 Summary of Significant Accounting Policies (Continued)

2.7.12 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. The Company does not recognize contingent assets and liabilities (Note 16). The Company does not recognize contingent assets and liabilities. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed, where an inflow of economic benefits is probable.

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

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

Employment termination benefits, as required by the Turkish Labor 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 Labor Law and other laws applicable in Turkey, the Company is obliged to pay employment termination benefits to all personnel in cases of termination of employment without due cause, call for military service, be retired or death upon the completion of a minimum one year service. All actuarial gains and losses are recognized in other comprehensive income.

ii. Provision for profit sharing and bonus plans

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

2.7.13 Related parties

For the purpose of these financial statements, shareholders having control, joint control or significant influence over the Company, Yaşar Group Companies, key management personnel of the Company or Yaşar Holding as main shareholder and board members, and their close family members, in each case together with and companies controlled, jointly controlled or significantly influenced by them are considered and referred to as related parties (Note 5).

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

2.7 Summary of Significant Accounting Policies (Continued)

2.7.13 Related parties (Continued)

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

The person concerned:

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

b) If any of the following conditions exists, the entity is considered to be associated with the Company:

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

2.7.14 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.

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

2.7 Summary of Significant Accounting Policies (Continued)

2.7.15 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. 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 and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled as of the balance sheet date.

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 (Note 28).

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 records the tax liabilities incurred by the supplemental tax that is estimated to be paid as a result of tax events. The tax deductions that arise from the investment incentives the Company has and are likely to benefit in the coming periods are reflected in the financial statements as it is highly probable that such incentives will be utilized in the future. Where the ultimate tax consequences arising from these items differ from those initially recorded, these differences could affect income tax provision and deferred tax liabilities in the periods in which they are set (Note 28).

2.7.16 Statement of cash flows

In the statement of cash flows, cash flows are classified into three categories as operating, investment and financing activities. Cash flows from operating activities are those resulting from the Company's production and sales activities. Cash flows from investment activities indicate cash inflows and outflows resulting from property, plant and 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.

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

2.7 Summary of Significant Accounting Policies (Continued)

2.7.17 Share capital and dividends

Ordinary shares are classified as equity. Dividends payable on shares are recognized as an appropriation of the profit in the period in which they are declared. Dividend income is recognized when the Company's right to receive the payment is established. In the event that the existing ordinary shares or the number of potential ordinary shares are increased as a result of capitalization, bonus issuance or share division, or if the share of shares decreases as a result of a change in shareholders' equity, the calculation of earnings per share for each period presented is corrected retrospectively.

2.7.18 Government grants and incentives

Government incentives and grants are recognized at fair value if the Company has a reasonable assurance that the incentives will be received and the Company meets minimum requirements.

2.7.19 Research and development expenses

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

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

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

2.7.20 Trade receivables

Trade receivables that are created by the Company by the way of providing goods or services to a buyer are carried at amortized cost. Short-term receivables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest is significant (Note 6).

In case there is objective evidence that the Company has no possibility of collecting, the provision for doubtful receivables is allocated for the related trade receivable. Objective evidence is that the receivable is in the litigation or execution phase, the buyer is in significant financial difficulty, the buyer is in default, or the significant and the duration is unforeseeable. The amount of this provision is the difference between the carrying amount of the receivable and the amount of the recoverable amount.

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

2.7 Summary of Significant Accounting Policies (Continued)

2.7.20 Trade receivables (Continued)

The recoverable amount is the value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the trade receivable. In addition, since the Company does not include an important financing component, trade receivables that are accounted at amortized cost included in the financial statements, use the provisioning matrix by selecting the simplified application for the impairment calculations. With this application, the Company measures the expected credit loss provision from an amount equal to the expected credit losses of the lifetime when the trade receivables are not impaired due to certain reasons. In the calculation of the expected credit losses, the Company's future forecasts are taken into consideration along with the past loan loss experiences.

In case of collection of doubtful receivable against the amount of doubtful receivable, in case of collecting all or part of the doubtful receivable amount, the amount collected is deducted from the provision for doubtful receivable and recorded as income in the income statement (Note 23).

2.7.21 Going concern

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

2.7.22 Trade payables

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.8 Material Changes Regarding the Current Period

The necessary actions have been taken by the Company management to minimize the possible effects of the COVID-19 epidemic, which has affected our country and the world, on the Company's activities and financial status. Due to the COVID-19 epidemic, the Company's activities were positively affected as a result of the developments in the sector in which the Company is involved. However, some actions were still taken by the Company management.

While preparing its financial statements dated 31 December 2020, the Company evaluated the possible effects of the COVID-19 outbreak on the financial statements and reviewed the estimates and assumptions used in the preparation of the financial statements. In this context, the Company has tested possible impairment in the values of financial assets, inventories and property, plant and equipment in its financial statements dated 31 December 2020 and no impairment was detected.

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

2.9 Significant accounting assessments, estimates and assumptions

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

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

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

In this context, as a result of the evaluations made by the Company management, lands, land improvements and buildings reflected to the financial statements as of 31 December 2020, machinery, facilities and devices to the financial statements as of 31 December 2019, at their fair value determined by the professional valuers. In addition, fair value of machinery, facilities and equipment, determined by valuation work as of 31 December 2019 is assumed to approximate the fair values as of 31 December 2020 after deducting the current period depreciation..

b) Trade receivables and impairment

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

2.10 Compliance Declaration to Resolutions Published By POAASA and IAS/IFRS

The Company's Management is responsible for the preparation and fair presentation of these financial statements in accordance with the IAS/IFRS published by the POAASA 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 IAS/IFRS published by the POAASA.

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NOTE 3 - INTEREST IN OTHER ENTITIES

Investments-in-associates:

	31 December 2020		31 December 2019	
	TL	(%)	TL	(%)
YBP	240,967,899	42.78	165,353,369	42,78
Çamlı Yem	54,633,182	23.38	42,087,300	23,38
Desa Enerji	12,791,416	26.41	14,328,348	26,41
Pinar Foods	24,048,299	44.94	16,117,605	44,94
Total	332,440,796		237,886,622	

Movement in investments-in-associates during the years 2020 and 2019 are as follows:

	2020	2019
1 January	237,886,622	182,680,727
Share of (losses) / profit before taxation of investments-in-associates - net	23,039,969	(785,463)
Increase in revaluation reserve of investments-in-associates	-	7,814,430
Losses on remeasurements of investment defined benefit plans	(2,046,018)	(1,003,910)
Dividend income from investments-in-associates (Note 5.ii.e)	(1,703,544)	(6,803,518)
Purchase of affiliate shares (Capital reduction)	(2,641,268)	-
Currency translation reserve	5,968,669	1,468,629
Elimination of net effect of unrealized profits on inventory	(80,715)	(62,434)
(Decrease) / increase due to other changes (Note 2.4)	594,461	(2,377,849)
Other gains (losses) of associates accounted for using equity method	71,422,620	56,956,010
31 December	332,440,796	237,886,622

Condensed financial statements of investments-in -associates are as follows:

	Assets	Liabilities	Net profit/(loss)	Net sales	Other comprehensive income/(expense)
31 December 2020					
- YBP	1,076,508,118	621,322,659	33,587,725	2,712,142,692	142,419,771
- Çamlı Yem	801,308,576	567,632,306	16,688,407	784,716,033	36,135,733
- Desa Enerji	63,893,125	15,460,407	10,629,937	81,651,427	-
- Pinar Foods	66,008,983	12,496,957	4,365,875	136,708,473	13,280,387
31 December 2019					
- YBP	786,692,664	508,414,561	5,746,846	2,237,381,807	122,518,642
- Çamlı Yem	651,621,760	471,604,040	(24,863,716)	638,788,324	47,995,757
- Desa Enerji	64,946,891	10,696,614	7,358,199	70,005,710	485,051
- Pinar Foods	37,949,095	2,084,360	1,392,685	90,192,248	3,287,008

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NOTE 3 - INTEREST IN OTHER ENTITIES (Continued)

Details of significant investment-in-associates of the Company as of 31 December 2020 and 2019 are as follows:

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

NOTE 4 - CASH AND CASH EQUIVALENTS

	31 December 2020	31 December 2019
Cash in hand	30,969	40,524
Banks	18,913,987	31,109,557
- Demand deposits	513,987	2,144,557
- Time deposits	18,400,000	28,965,000
Other	3,930,728	393,938
Total	22,875,684	31,544,019

As of 31 December 2020 the company has time deposits less than one month with an %17,6 effective weighted average annual interest rate in TL (31 December 2019: The Company has time deposits less than one month with an %11,4 effective weighted average annual interest rate in TL).

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

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 2020 and 2019 are as follows:

i) *Balances with related parties:*

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

	31 December 2020	31 December 2019
YBP ⁽¹⁾	126,691,210	88,948,104
YDT ⁽²⁾	11,552,509	7,156,098
Other	4,097	54,949
Total	138,247,816	96,159,151

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

Average maturity of short-term trade receivables from related parties as of 31 December 2020 is 2 months (31 December 2019: 2 months).

The total overdue trade receivables from related parties includes TL7,827,503 as of 31 December 2020 (31 December 2019: TL3,302,933). The aging of the receivables are shown at Note 33.a.

b) Other short-term receivables from related parties:

	31 December 2020	31 December 2019
Yaşar Holding ⁽³⁾	21,084,253	10,095,006
Dyo Boya Fabrikaları Sanayi ve Ticaret A.Ş. ('Dyo Boya') ⁽²⁾	77,398	59,084
Total	21,161,651	10,154,090

As of 31 December 2020, the Company has non-trade receivables amounting to TL21,084,253 from Yaşar Holding with an effective interest rate of 20.25% and for denominated receivables, respectively (31 December 2019: Non-trade receivables amounting to TL10,095,006 with an effective interest rate of 15,5%).

c) Long-term other receivables from related parties:

Yaşar Holding	70,000,000	-
Total	70,000,000	-

As of 31 December 2020, long term other receivables consist of the principals of the loan debtes maturing on 2022 obtained by the Company from various financial institutions and transferred to Yaşar Holding under the same conditions and the interest rate is 15.3% (31 December 2019: None).

d) Short-term trade payables to related parties:

Çamlı Yem ⁽¹⁾	20,800,032	20,543,813
Yaşar Holding	2,898,616	1,806,085
Hedef Ziraat Tic. ve San. A.Ş. ('Hedef Ziraat') ⁽⁴⁾	94,351	394,012
Other	259,230	560,600
Total	24,052,229	23,304,510

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

Average maturity of short-term trade payables to related parties as of 31 December 2020 is 2 months (31 December 2019: 2 months).

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

e) Other short-term payables to related parties:

8,517,758 TL of other short-term payables to related parties, Board of directors allocations amounting to TL 1,800,000, TL 2,280,000, TL 1,157,011 respectively to be paid in accordance with the decisions taken at the Ordinary General Assembly Meeting held on 25 March 2020, 28 March 2019, 30 March 2018 and the dividend amount of TL 3,280,747 payable to group companies on 5 January 2021 (TL7,487,011 amounting to Other short-term payables to related parties consist of the Board of Directors' appropriation amounting to TL2,400,000, TL2,300,000, TL2,270,000 and TL517,011 respectively, to be paid in respect of the decision taken at the Ordinary General Assembly Meetings held on 28 March 2019, 30 March 2018, 30 March 2017 and 29 March 2016).

ii) Transactions with related parties:

a) Product sales:

	1 January - 31 December 2020	1 January - 31 December 2019
YBP	659,142,920	535,402,368
YDT	36,366,045	39,421,529
Çamlı Yem	5,325,714	5,121,662
Other	314,639	984,318
Total	701,149,318	580,929,877

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

b) Service sales:

YDT	1,544,313	1,878,067
YBP	95,904	245,203
Pınar Süt Mamülleri Sanayi A.Ş. ('Pınar Süt') ⁽²⁾	69,748	108,611
Çamlı Yem	68,519	30,546
Other	443,841	781,203
Total	2,222,325	3,043,630

c) Income from financing activities:

Yaşar Holding	669,819	2,615,299
Total	669,819	2,615,299

The majority of finance income consists of bail commission charges amounting to TL669,819 (31 December 2019: TL2,615,299), for the borrowings obtained by Yaşar Group Companies from international capital markets and various financial institutions with the guarantee of the Company (Note 26.i). The commission rates of bail and financing used in the associated intercompany charges is 0.1% p.a. (31 December 2019: 0.1% p.a.).

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

ii) Transactions with related parties (Continued):

	1 January - 31 December 2020	1 January - 31 December 2019
d) Income from investment activities:		
Yasar Holding	8,182,480	1,288,887
Total	8,182,480	1,288,887

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

e) Dividends received:

Desa Enerji (*)	1,703,544	1,395,916
Bintur Turizm ve Catering Hizmetleri A.Ş. ('Bintur') ⁽²⁾	12,802	14,857
YBP (*)	-	5,407,602
Total	1,716,346	6,818,375

(*) Subsidiary (Note 3).

f) Other incomes from related parties:

YDT	1,956,841	1,205,102
YBP	1,945,503	3,855,207
Other	98,507	23,619
Total	4,000,851	5,083,928

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

g) Product purchases:

Çamlı Yem	179,585,283	133,828,019
Hedef Ziraat	1,148,675	1,982,137
Pınar Süt	561,325	664,753
Other	-	20,857
Total	181,295,283	136,495,766

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

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

ii) Transactions with related parties (Continued):

	1 January - 31 December 2020	1 January - 31 December 2019
h) Service purchases:		
Yaşar Holding	10,625,486	10,672,722
YBP	4,169,703	3,411,767
Yaşar Bilgi İşlem ve Ticaret A.Ş. ('Yabim') ⁽²⁾	2,110,490	1,731,770
YDT	1,600,436	2,788,135
Bintur	58,186	230,209
Other	1,186,919	978,242
Total	19,751,220	19,812,845

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

i) Purchases of property, plant and equipment and intangible assets:

Yaşar Bilgi İşlem	158,821	65,405
YBP	-	73,038
Pınar Süt	-	21,101
DYO Boya	-	12,752
Other	-	24,019
Total	158,821	196,315

j) Other operating expenses:

Çamlı Yem	191,688	324,328
Yaşar Holding	82,435	117,759
Viking Kağıt ve Selüloz A.Ş. ('Viking Kağıt') ⁽²⁾	3,217	10,384
Other	-	3,549
Total	277,340	456,020

Other operating expenses of the Company consist of interest expense on term sales and interest expense related with operating activities.

k) Financial expenses from related parties:

YDT	69,152	93,020
Other	4,730	7,737
Total	73,882	100,757

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

ii) Transactions with related parties (Continued):

	1 January - 31 December 2020	1 January - 31 December 2019
l) Other operating expenses:		
YDT	1,638,359	2,213,165
Çamlı Yem	372,827	335,776
YBP	-	116,606
Other	32,622	38,508
Total	2,043,808	2,704,055

m) Dividends to related parties (*):

Yaşar Holding	21,129,205	21,833,512
Pınar Süt	4,906,577	5,070,130
Yaşar Eğitim ve Kültür Vakfı ⁽²⁾	1,043,224	1,409,434
Other	1,800,000	2,400,000
Total	28,879,006	30,713,076

(*) In the Ordinary General Assembly Meeting for the year 2020 as of 25 March 2020, it has been decided to distribute dividend amounting to TL41,844,723 (31 December 2019: TL44,110,982). TL12,965,717 portion of this dividend (31 December 2019: TL13,397,908) was paid to other shareholders.

n) Donations:

Yaşar Eğitim ve Kültür Vakfı	3,107,816	1,870,279
Other	-	150
Total	3,107,816	1,870,429

o) Key management compensation:

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

Total short-term employee benefits	5,571,253	5,601,598
Post-employment benefits	-	88,959
Other long-term benefits	160,522	118,535
Total	5,731,775	5,809,092

The portion of total short-term benefits amounting to TL1,800,000 (31 December 2019: TL2,400,000) consists of Board of Directors appropriation according to the decision taken at the Ordinary General Assembly.

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

ii) Transactions with related parties (Continued):

ö) Bails given to related parties:

The bond amount, which was issued by Yaşar Holding, the parent company of the company abroad, and which the Company participated as guarantor, amounting to TL 1,221,257,598, equivalent to USD 205,592,000 as of 31 December 2019, was paid and closed by Yaşar Holding on 6 April 2020. The Company's bails has expired (Note 16.b).

NOTE 6 - TRADE RECEIVABLES AND PAYABLES

a) Short-term trade receivables:

	31 December 2020	31 December 2019
Customer current accounts	19,931,093	15,938,946
Cheques and notes receivable	2,949,015	6,499,011
	22,880,108	22,437,957
Less: Provision for impairment of receivables	(1,392,161)	(1,230,031)
	21,487,947	21,207,926

The average maturity of checks, notes and customer accounts is 2 months (31 December 2019: 2 months).

The agings of trade receivables as of 31 December 2020 and 2019 are as follows:

Overdue	3,263,991	1,442,364
0 - 30 days	10,147,298	8,071,670
31 - 60 days	6,592,800	10,457,755
61 - 90 days	745,088	890,677
91 days and over	738,770	345,460
Total	21,487,947	21,207,926

As of 31 December 2020, trade receivables of TL3,263,991 (31 December 2019: TL1,442,364), over which no provision for impairment is provided, were past due. The Company Management does not expect any collection risk regarding those receivables based on its past experience (Note 33.a).

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NOTE 6 - TRADE RECEIVABLES AND PAYABLES (Continued)

a) Short-term trade receivables (Continued):

As of 31 December, 2020 and 2019, the aging of the overdue receivables are as follows:

	31 December 2020	31 December 2019
0 - 30 days	2,974,730	1,399,585
30 days and over	289,261	42,779
Total	3,263,991	1,442,364

Movement table of doubtful receivable provision is as follows:

1 January	1,230,031	360,841
Provisions no longer required	(23,904)	-
Provision for reserved amount	186,034	869,190
31 December	1,392,161	1,230,031

b) Short-term trade payables:

Supplier current accounts	118,890,088	87,754,618
Total	118,890,088	87,754,618

The average maturity of trade payables is one month (31 December 2019: One month).

NOTE 7 - OTHER RECEIVABLES AND PAYABLES

a) Short-term other payables:

	31 December 2020	31 December 2019
Taxes and funds payable	5,265,604	2,036,059
Other	8,381,687	45,788
Total	13,647,291	2,081,847

TL 8,335,899 of the dividends distributed for the year 2020 consists of the amount to be paid to other shareholders.

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NOTE 8 - INVENTORIES

	31 December 2020	31 December 2019
Raw materials	16,035,406	12,648,529
Raw materials in transit	1,367,345	2,847,666
Work in progress	44,365,967	20,123,414
Finished goods	15,713,447	15,674,510
Spare parts	7,786,790	7,262,807
Other	1,270,189	920,623
Total	86,539,144	59,477,549

The costs of inventories recognized as expense and included in cost of sales amounted to TL568,614,821 (31 December 2019: TL525,340,274) (Note 18). Inventories are carried at cost, and there are no inventories valued at fair value less costs to sell.

NOTE 9 - BIOLOGICAL ASSETS

	31 December 2020	31 December 2019
Cattle	17,263,737	13,225,488
Total	17,263,737	13,225,488

The Company raises of livestock comprising calf for slaughter. As of 31 December 2019, there are total of 1,547 units (31 December 2019: 1,313 units).

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

	2020	2019
Beginning of the period (1 January)	13,225,488	18,028,475
Increase due to production and purchases	15,812,272	12,875,156
Sales and mortality during the year	(11,426,772)	(18,027,699)
Gain / (losses) arising from changes in fair value less estimated point-of-sale costs-net	(176,862)	170,389
Current year realization of previous year fair value differences through current year sales	(170,389)	179,167
Period end (31 December)	17,263,737	13,225,488

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NOTE 10 - PREPAID EXPENSES AND DEFERRED INCOME

a) Short-term prepaid expenses

	31 December 2020	31 December 2019
Advances given	711,110	1,282,044
Prepaid expenses	377,048	744,200
Total	1,088,158	2,026,244

b) Long-term prepaid expenses

Advances given	155,455	4,363
Total	155,455	4,363

c) Deferred income

Advances received	808,080	253,126
Total	808,080	253,126

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NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

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/revaluation:					
Land	165,122,476	-	-	-	165,122,476
Buildings and land improvements	80,219,924	61,186	-	186,017	80,467,127
Machinery and equipment	100,750,447	23,382,235	-	5,687,765	129,820,447
Furniture and fixtures	46,278,700	3,938,426	(1,770,474)	-	48,446,652
Motor vehicles	2,589,499	-	-	-	2,589,499
Construction in progress	5,580,449	632,142	-	(5,873,782)	338,809
	400,541,495	28,013,989	(1,770,474)	-	426,785,010
Accumulated depreciation (-):					
Buildings and land improvements	-	(2,853,546)	-	-	(2,853,546)
Machinery and equipment	(10,513,045)	(11,299,427)	-	-	(21,812,472)
Furniture and fixtures	(36,797,902)	(2,659,378)	1,770,474	-	(37,686,806)
Motor vehicles	(2,079,872)	(235,373)	-	-	(2,315,245)
	(49,390,819)	(17,047,724)	1,770,474	-	(64,668,069)
Net book value	351,150,676				362,116,941

The additions of machinery and equipment in 2020 consists packaging line automations and modernization investments related to the production machineries.

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NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements of property, plant and equipment and accumulated depreciation between 1 January and 31 December 2019 were as follows:

	1 January 2019	Additions	Disposals	Transfers	Investment Property Transfers	Net off Accumulated Depreciation Before Revaluation	Increase in Revaluation	31 December 2019
Cost/revaluation :								
Land	134,830,000	-	-	-	-	31,212,476	(920,000)	165,122,476
Buildings and land improvements	70,856,609	115,327	-	1,131,904	(4,250,602)	12,366,686	-	80,219,924
Machinery and equipment	99,066,381	2,280,070	(596,004)	-	-	-	-	100,750,447
Furniture and fixtures	45,235,273	1,341,618	(359,192)	61,001	-	-	-	46,278,700
Motor vehicles	2,533,576	55,923	-	-	-	-	-	2,589,499
Construction in progress	1,877,277	4,896,077	-	(1,192,905)	-	-	-	5,580,449
	354,399,116	8,689,015	(955,196)	-	(4,250,602)	43,579,162	(920,000)	400,541,495
Accumulated depreciation (-):								
Buildings and land improvements	(1,867,735)	(2,382,867)	-	-	4,250,602	-	-	-
Machinery and equipment	-	(10,878,446)	365,401	-	-	-	-	(10,513,045)
Furniture and fixtures	(34,401,173)	(2,752,810)	356,081	-	-	-	-	(36,797,902)
Motor vehicles	(1,834,176)	(245,696)	-	-	-	-	-	(2,079,872)
	(38,103,084)	(16,259,819)	721,482	-	4,250,602	-	-	(49,390,819)
Net book value	316,296,032							351,150,676

The additions of machinery and equipment in 2019 consists calf rendering investment and modernization investments related to the production machineries.

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NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Current year's depreciation and amortization charges were allocated to cost of goods sold by TL12,775,906 (2019: TL12,457,097), to the cost of inventories by TL985,138 (2019: TL763,375), to general administrative expenses by TL1,608,885 (2019: TL1,772,735) (Note 22.a), to marketing expenses by TL2,155,290 (2019: TL2,696,343) (Note 22.b), to research and development expenses by TL809,605 (2019: TL321,291) (Note 22.c).

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

1 January 2019	172,986,907
Increase in revaluation reserve arising from revaluation of land, buildings and land improvements, machinery and equipments - net	37,984,577
Depreciation transfer due to revaluation increase classified in retained earnings	(6,382,881)
Deferred tax calculated on the depreciation of the revaluation fund classified in retained earnings	1,276,575
Revaluation fund decrease due to sale of property, plant and equipment - net	(81,647)
31 December 2019	205,783,531
1 January 2020	205,783,531
Depreciation transfer due to revaluation increase classified in retained earnings	(6,505,720)
Deferred tax calculated on the depreciation of the revaluation fund classified in retained earnings	1,301,144
31 December 2020	200,578,955

The carrying amounts of each class of property, plant and equipments that would have been recognized if the assets have been carried under the cost model at 31 December 2020 and 2019, are as follows:

	Land	Land, improvements and buildings	Machinery and equipment
31 December 2020:			
Cost	16,941,447	61,334,299	189,824,465
Less: Accumulated depreciation	-	(25,956,153)	(113,786,342)
Net book value	16,941,447	35,378,146	76,038,123
31 December 2019:			
Cost	16,941,447	61,087,096	160,754,464
Less: Accumulated depreciation	-	(21,957,223)	(107,647,593)
Net book value	16,941,447	39,129,873	53,106,871

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NOTE 12 - INTANGIBLE ASSETS

The movements of intangible assets and related accumulated amortization for the years ended 31 December 2020 and 2019 were as follows:

	1 January 2020 Opening	Additions	31 December 2020 Closing
Costs:			
Rights	21,290,538	2,294,221	23,584,759
Accumulated amortization	(18,805,264)	(1,047,978)	(19,853,242)
Net book value	2,485,274		3,731,517

	1 January 2019 Opening	Additions	31 December 2019 Closing
Costs:			
Rights	19,533,760	1,756,778	21,290,538
Accumulated amortization	(18,357,584)	(447,680)	(18,805,264)
Net book value	1,176,176		2,485,274

NOTE 13 - INVESTMENT PROPERTIES

The movements of investment properties in the accounting periods of 1 January - 31 December 2020 are as follows:

	1 January 2020	Additions	Fair Value Increase (Note 24.a)	31 December 2020
Fair value:				
Land, buildings and building improvements	21,115,000	-	2,115,000	23,230,000
Total	21,115,000	-	2,115,000	23,230,000

	1 January 2020	Additions	Fair Value Increase (Note 24.a)	31 December 2020
Fair value:				
Land, buildings and building improvements	19,155,000	71,775	1,888,225	21,115,000
Total	19,155,000	71,775	1,888,225	21,115,000

There is TL75,939 rental income from investment properties in 2020 (2019: None).

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NOTE 14 - GOVERNMENT GRANTS AND INCENTIVES

There are government incentives provided by under secretariat of Foreign Trade to the Company in the scope of Turquality project applied for support brandization of products made in Turkey in foreign markets and settle the image of Turkish goods. In the respect of the World Trade Organization Agriculture Agreement, incentive which is related with agricultural products are sold in foreign markets was given with the Minister of Council decision. In 2020, the Company recognized the government grant amounting to TL294,536 (31 December 2019: TL259,704) which was presented in other income.

The Company has various investment incentive certificates obtained in different dates and the Company utilizes these investment incentive certificates according to current legislation (Note 28).

NOTE 15 - BORROWINGS AND BORROWING COSTS

a) Short and Long-Term Borrowings From Third Parties:

	31 December 2020	31 December 2019
Short-term borrowings		
- TL borrowings (*)	7,633,106	5,230,556
Short-term financial lease liabilities	-	39,561
Short-term portions of long-term borrowings (**)	342,125	-
Lease liabilities (***)	1,212,637	1,071,963
Short-term financial liabilities	9,187,868	6,342,080
Long-term lease liabilities (**)	70,000,000	-
Long-term lease liabilities (***)	2,770,446	578,930
Long-term financial liabilities	72,770,446	578,930
Total financial liabilities	81,958,314	6,921,010

(*) 6 Million TL of short-term financial debt consists of subsidized agricultural loans with an annual average interest rate of 4.5% as of 31 December 2020 (31 December 2019: 6%). The remaining amount is a zero interest loan.

(**) 70 Million TL of long-term borrowings consist of spot loans with an annual average interest rate of 15.3% and matures on 2022. (31 December 2019: None).

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

As of 31 December 2020, fair value of borrowings approximates to carrying amount.

The guarantees given by the Company regarding loans and financial liabilities are disclosed in Note 16.

b) Other financial liabilities:

Other financial liabilities	4,408,539	3,615,787
Total	4,408,539	3,615,787

As of 31 December 2020 and 2019, other financial liabilities consist of credit card debt.

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NOTE 15 - BORROWINGS AND BORROWING COSTS (Continued)

Movement of net borrowings as of 31 December 2020 and 2019 are as follows:

	2020	2019
1 January	(21,007,222)	4,160,917
Cash inflows from borrowings	119,683,649	30,365,451
Cash outflows from debt payments	(46,185,783)	(29,239,848)
Lease liabilities - net	2,332,190	1,650,892
Change in cash and cash equivalents	8,668,335	(27,944,634)
31 December (Note 33.d)	63,491,169	(21,007,222)

NOTE 16 - PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

a) Short-term provisions:

	31 December 2020	31 December 2019
Provision for litigations	356,327	401,882
Total	356,327	401,882

b) Guarantees given:

Bails	-	1,221,257,598
Letters of guarantee	534,478	487,393
Total	534,478	1,221,744,991

The bond amount, which was issued by Yaşar Holding, the parent company of the company abroad, and which the Company participated as guarantor, amounting to TL 1,221,257,598, equivalent to USD 205,592,000 as of 31 December 2019, was paid and closed by Yaşar Holding on 6 April 2020. The Company's bails has ended (Note 5.ii.ö).

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

b) Guarantees given (Continued):

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

	31 December 2020			31 December 2019		
	Currency	Amount	TL Equivalent	Currency	Amount	TL Equivalent
CPM provided by the Company:						
A. Total amount of CPM given for the Company's own legal personality	TL	534,478	534,478	TL	487,393	487,393
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			-			1,221,257,598
i. Total amount of CPM given to on behalf of the majority shareholder	-	-	-			1,221,257,598
				USD	205,592,000	1,221,257,598
ii. Total amount of CPM given to on behalf of other Group companies which are not in scope of B and C	-	-	-	-	-	-
iii. Total amount of CPM given on behalf of third parties which are not in scope of C	-	-	-	-	-	-
TOTAL			534,478			1,221,744,991

The ratio of total amount of other CPM to Equity

0%

187%

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

c) Guarantees received:

	31 December 2020			31 December 2019		
	Currency	Amount	TL Equivalent	Currency	Amount	TL Equivalent
Mortgages	TL	-	-	TL	20,000	20,000
Letters of guarantee	TL	8,236,000	8,236,000	TL	16,711,000	16,711,000
	EUR	456,650	4,113,458	EUR	73,950	491,812
	TL	518,000	518,000	TL	218,000	218,000
Guarantee notes and cheques	USD	50,000	367,025	USD	50,000	297,010
Total			13,234,483			17,737,822

The Company does not have any guarantees received from related parties as of 31 December 2020 (31 December 2019: None).

NOTE 17 - EMPLOYMENT TERMINATION BENEFITS

a) Payable due to employee benefits

	31 December 2020	31 December 2019
Social security premiums payable	1,854,105	1,527,858
Payables to personnel	935,271	1,253
Total	2,789,376	1,529,111

b) Short-term provisions due to employee benefits

Provision for seniority incentive bonus	779,871	321,110
Total	779,871	321,110

c) Long-term provisions due to employee benefits

Provision employment termination benefits	37,069,740	28,892,613
Provision for seniority incentive bonus	1,207,202	1,117,381
Provision for severance pay transfer	1,053,261	959,309
Total	39,330,203	30,969,303

Under the Turkish Labor 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 TL7,117.17 as of 31 December 2020 (31 December 2019: TL6,379.86). The liability is not funded, and there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees based on actuarial assumptions.

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NOTE 17 - EMPLOYMENT TERMINATION BENEFITS (Continued)

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 TL7,638.96 which is effective from 1 January 2021 (1 January 2020: TL6,730.15) has been taken into consideration in calculating the provision for employment termination benefits of the Company which is calculated once in every six months.

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

	31 December 2020	31 December 2019
Discount rate (%)	4.70	5.00
Probability of retirement (%)	98.05	98.51

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

	2020	2019
1 January	28,892,613	24,274,247
Interest costs	4,736,902	3,527,788
Actuarial losses	4,696,808	2,667,326
Paid during the year	(3,889,703)	(3,739,742)
Current service cost	2,633,120	2,162,994
31 December	37,069,740	28,892,613

The total of interest costs, actuarial losses and current service cost for the year is TL12,066,830 (31 December 2019: TL8,358,108) TL2,633,120 portion (31 December 2019: TL2,162,994) of this amount was included in general administrative expenses and TL4,696,808 (31 December 2019: TL2,667,326) portion was included in other comprehensive income and TL4,736,902 (31 December 2019: TL3,527,788) portion was included in financial expenses.

NOTE 18 - EXPENSES BY NATURE

	1 January - 31 December 2020	1 January - 31 December 2019
Direct material costs	568,614,821	525,340,274
Staff costs	79,165,719	68,249,824
Outsourced services	31,081,927	21,590,209
Utilities	21,199,335	18,519,808
Depreciation and amortization	18,654,532	18,213,409
Repair and maintenance	14,090,694	11,655,270
Consultancy charges	10,957,107	11,430,090
Advertisement	10,052,486	9,080,550
Other	12,168,957	9,703,534
Total	765,985,578	693,782,968

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NOTE 19 - OTHER ASSETS AND LIABILITIES

a) Other current assets:

	31 December 2020	31 December 2019
Income accrual	175,704	162,692
Total	175,704	162,692

b) Other current liabilities:

Expense accrual	57,679	5,438
Total	57,679	5,438

NOTE 20 - SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

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

	31 December 2020	31 December 2019
Registered share capital (historical values)	100,000,000	100,000,000
Authorized registered share capital with a nominal value	43,335,000	43,335,000

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

Shareholders	31 December 2020		31 December 2019	
	Share Amount (TL)	Share (%)	Share Amount (TL)	Share (%)
Yaşar Holding (A,B)	23,476,895	54	23,476,895	54
Pınar Süt (A,B)	5,451,752	13	5,451,752	13
Halka açık kısım (A,B)	14,406,353	33	14,406,353	33
Share capital	43,335,000	100	43,335,000	100
Adjustment to share capital	37,059,553		37,059,553	
Total share capital	80,394,553		80,394,553	

Adjustment to share capital amounting to TL37,059,553 (31 December 2019: TL37,059,553) 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 20 - SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

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

As at 31 December 2020, there are 4,333,500,000 (31 December 2019: 4,333,500,000) shares with Kr1 each. The Company's capital is composed of 1,500,000 units of A type bearer share and 4,332,000,000 units of B type bearer share, and the B type bearer shares are traded on ISE. The business and administration of the Company shall be carried out by a Board of Directors consisting of 5, 7 and 9 members to be elected by the General Assembly under the provisions of the Turkish Commercial Code and Capital Markets Board regulations. If the Board of Directors consists of 5 members, if it consists of 3 or 7 members, if it consists of 4 or 9 members, 5 members will be selected among the candidates to be shown by the shareholders of group 'A' and among the candidates to be shown by shareholders 'B' group. If the Board of Directors decides, the Managing Director / Members may be elected. However, the Chairman of the Board of Directors and the Managing Director / Members are selected among the members representing group 'A'.

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

Retained earnings and certain reserves according to the statutory financial statements, other than legal reserves, are available for distribution subject to the legal reserve requirement referred to below.

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

In accordance with the announcements of CMB 'Share Capital', 'Restricted Reserves' and 'Share Premium' shall be carried at their statutory amounts. The valuation differences (e.g. the differences raises from 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 'Inflation Adjustment to Share Capital',
- The difference due to the inflation adjustment of 'Restricted Reserves' and 'Share Premium' and the amount has not been utilized in dividend distribution or capital increase yet, shall be classified under 'Retained Earnings'.

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

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

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

In line with Article 26 of the Company's Articles of Association, previous year losses, if any, are deducted from the net period profit and then overall legal reserve and the first dividend are allocated according to the Capital Markets Board legislation. Of the remaining portion, an amount up to 5% can be set aside as allocation provision for the members of board of directors and for other items which the board of directors will determine and deem necessary in line with the decision made by the General Assembly.

Based on CMB Communiqué, there is no mandatory minimum profit distribution requirement for the quoted entities at the stock exchange for profits arising from operations. Regarding the dividend distribution for the current and following years, the entities are to distribute their profits for the current and following years under the scope of their articles of association and their previously publicly declared profit distribution policies.

Dividend is distributed for shares available as of accounting period of all of them equally without regarding to the dates of issue and acquisition.

In accordance with the decision taken at the Ordinary General Assembly held on 25 March 2020, the Company has decided to distribute the distributable profit amounting to TL41,844,723 (31 December 2019: TL44,110,982) as dividend and board of directors. In consideration of this profit distribution decision, the Company has allocated 'Restricted Reserves' which is amounting to TL3,967,798 from the profit of year 2019. Since the general assembly for 2020 has not been made yet, no profit distribution decision has been taken.

NOTE 21 - REVENUE AND COST OF SALES

	1 January - 31 December 2020	1 January - 31 December 2019
Domestic sales	982,167,017	865,798,628
Export sales	36,366,045	39,421,529
Gross Sales	1,018,533,062	905,220,157
Less: Discounts	(163,997,058)	(142,624,279)
Returns	(13,218,905)	(14,682,242)
Net Sales	841,317,099	747,913,636
Change in fair value of biological assets	(176,862)	170,389
Cost of Sales	(696,855,240)	(633,557,724)
Gross Profit	144,284,997	114,526,301

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NOTE 22- GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

a) General administrative expenses:

	1 January - 31 December 2020	1 January - 31 December 2019
Staff costs	7,040,418	7,394,568
Consultancy charges	6,570,036	7,455,015
Outsourced services	6,192,460	4,018,663
Employment termination benefits	2,633,120	2,162,994
Depreciation and amortization	1,608,885	1,772,735
Taxes	452,868	391,062
Energy expenses	376,372	400,151
Repair and maintenance	242,952	154,072
Other	1,639,712	1,196,849
Total	26,756,823	24,946,109

b) Marketing expenses:

Advertisement	10,052,486	9,069,550
Staff costs	6,958,726	5,648,042
Consultancy charges	4,335,035	3,860,927
Outsourced services	4,306,369	2,833,014
Energy expenses	2,643,916	2,339,071
Depreciation and amortization	2,155,290	2,696,343
Repair and maintenance	1,609,482	1,401,974
Other	6,936,335	5,305,785
Total	38,997,639	33,154,706

c) Research and development expenses:

Staff costs	1,611,658	1,056,268
Depreciation and amortization	809,605	321,291
Outsourced services	374,009	278,349
Other	580,604	468,521
Total	3,375,876	2,124,429

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NOTE 23 - OTHER OPERATING INCOME AND EXPENSES

a) Other operating income:

	1 January - 31 December 2020	1 January - 31 December 2019
Foreign exchange gain	1,166,621	809,323
Interest income	1,102,081	3,035,124
Rent income	1,003,093	845,943
Income from sales of scrap	562,928	500,426
Other	1,359,948	727,803
Total	5,194,671	5,918,619

b) Other operating expense:

Donations	(3,670,611)	(1,903,749)
Interest expense	(277,341)	(463,986)
Provisions for doubtful receivables	(186,034)	(869,190)
Other	(2,005,801)	(1,165,555)
Total	(6,139,787)	(4,402,480)

NOTE 24 - INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

a) Income from investment activities:

	1 January - 31 December 2020	1 January - 31 December 2019
Interest income calculated on other receivables from related parties	8,182,480	1,288,887
Investment property value increase	2,115,000	1,888,225
Income from sales of property, plant and equipment	16,997	204,127
Other	12,803	14,857
Total	10,327,280	3,396,096

b) Expense from investment activities:

Fixed asset impairment provision	-	(920,000)
Loss from sales of property, plant and equipment	-	(138,605)
Total	-	(1,058,605)

NOTE 25 - EXPENSES CLASSIFIED

Please refer to Note 18.

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NOTE 26 - FINANCIAL INCOME AND EXPENSES

i. Financial Income:

	1 January - 31 December 2020	1 January - 31 December 2019
Interest income	3,340,921	1,963,596
Foreign exchange gain	926,254	359,524
Bail income from related parties (Note 5.ii.c)	669,819	2,615,299
Total	4,936,994	4,938,419

ii. Financial Expense:

Interest expense	(5,286,718)	(1,704,786)
Defined benefit plans interest cost	(4,736,902)	(3,527,788)
Foreign exchange loss	(587,438)	(257,206)
Bank commission expense	(201,994)	(229,109)
Other	(12,704)	(25,968)
Total	(10,825,756)	(5,744,857)

NOTE 27 - ANALYSIS OF OTHER COMPREHENSIVE INCOME

Please refer to other comprehensive income.

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

As of 31 December 2020 and 2019, corporation taxes currently payable are as follows:

	31 December 2020	31 December 2019
Corporation taxes currently payable	7,890,207	11,563,439
Less: Prepaid corporate tax	(3,712,689)	(9,463,921)
Current income tax liabilities/(assets)	4,177,518	2,099,518

Within the scope of the 'Law on Amendments to Certain Tax Laws and Some Other Laws' numbered 7061, which was published in the Official Gazette dated 5 December 2017, the corporate tax rate for the years 2018, 2019 and 2020 was increased from 20% to 22%.

Corporation tax is payable at a rate of 22% for 2020 (2019: 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 28 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND IABILITIES) (Continued)

Dividends paid 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% (2019: 15%). 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 22% (2019: 22%) on their corporate income. Advance tax is declared by 14th and payable by the 17th (2019: 17th) of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. If, despite offsetting, there remains an amount for advance tax amount paid, it may be refunded or offset against other liabilities to the government. In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within 25th of fourth month following the close of the financial year to which they relate.

The tax authorities can review the accounting records within five years and if the faulty transaction is detected, the tax amounts may change due to tax assessment. According to Turkish tax legislation, financial losses shown on the tax return can be deducted from the corporate income for a period of 5 years. However financial losses cannot be offsetted from retained earnings.

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

Dividend income from shares in the capital of another corporation subject to resident taxpaying (except dividends from investment funds participation certificates and investment trusts shares) is 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 2018, 2019 and 2020 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.

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

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NOTE 28 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND IABILITIES) (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, will be assessed as 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 tax player who distributes disguised profit. In order to make adjustments in this respect, the taxes assessed in the name of the company distributing dividends in a disguised manner must be finalized and paid.

The amount of disguised earnings will be finalized as the payment amount.

Taxation on income in the statement of comprehensive income for the years ended 31 December 2020 and 2019 are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Current corporation tax expense	(7,890,207)	(11,563,439)
Deferred tax income/ (expense)	1,521,507	1,194,241
Total taxation on income	(6,368,700)	(10,369,198)

The reconciliation of tax expense is as follows:

Profit before tax	101,688,030	56,562,786
Tax calculated at tax rates applicable to the profit	(22,371,367)	(12,443,813)
Expenses not deductible for tax purpose	(1,067,073)	(463,849)
Income not subject to tax	740,949	416,884
Tax effect of the share in participation profits / (losses)	(172,802)	5,068,793
Tax effect upon the results of investments-in-associates	10,119,342	1,438,737
Additional deferred tax asset calculated on investment incentive	(224,149)	363,355
Other	1,364,805	492,290
Total taxation on income	(6,368,700)	(10,369,198)

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

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.

Within the scope of the 'Law on Amendments to Certain Tax Laws and Some Other Laws' numbered 7061, which was published in the Official Gazette dated 5 December 2017, the corporate tax rate for the years 2018, 2019 and 2020 was increased from 20% to 22%. In accordance with this Act entering into force, deferred tax assets and liabilities are calculated with a tax rate of 22% for those periods when assets are realized or liabilities are fulfilled. Realizations of temporary differences for 2021 and subsequent periods will be calculated at 20%.

The breakdown of cumulative temporary differences and the resulting deferred income tax assets/(liabilities) provided at 31 December 2020 and 2019 using the enacted tax rates at the balance sheet dates are as follows:

	Taxable cumulative temporary differences		Deferred income tax assets/(liabilities)	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Revaluation of property, plant and equipment	235,242,805	236,798,528	(30,769,330)	(31,859,328)
Differences between carrying cost before revaluation and tax base	27,584,413	22,764,946	(5,225,718)	(4,261,825)
Provision for employment termination benefits	(37,069,740)	(28,892,613)	7,413,948	5,778,523
Deferred tax calculated from financial assets held for sale	344,209	(682,183)	126,752	178,064
Investment incentives (*)	(3,692,324)	(4,711,184)	812,311	1,036,461
Investment property revaluation	7,455,441	5,340,441	(745,544)	(534,044)
Other	(11,716,879)	(6,466,454)	2,538,420	1,403,433
Deferred income tax assets			10,891,431	8,396,481
Deferred income tax liabilities			(36,740,592)	(36,655,197)
Deferred income tax assets (liabilities) - net			(25,849,161)	(28,258,716)

(*) The company has investment incentive certificates related to production line investment. The Company management expects to benefit from the investment allowance amounting to TL812,311 as of 31 December 2020 (31 December 2019: TL1,036,461) in accordance with the related investment incentive certificates.

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

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

1 January 2019	(24,381,024)
Credited to statement of comprehensive income	1,194,241
Charged to actuarial loss arising from defined benefit plans	533,465
Fair value difference credited to other comprehensive income	(10,813)
Calculated on revaluation fund	(5,594,585)
31 December 2019	(28,258,716)
1 January 2020	(28,258,716)
Credited to statement of comprehensive income	1,521,505
Charged to actuarial loss arising from defined benefit plans	939,362
Fair value difference credited to other comprehensive income	(51,312)
31 December 2020	(25,849,161)

NOTE 29 - EARNINGS PER SHARE

		1 January - 31 December 2020	1 January - 31 December 2019
Profit for the period	A	95,319,330	46,193,588
Weighted number of 100 shares with a Kr1 face value (Note 20)	B	4,333,500,000	4,333,500,000
Earnings per share with a Kr1 face value	A/B	2,1996	1,0660

There are no differences between basic and diluted earnings per share. Since the General Assembly meeting of the year 2020 has not been performed yet, dividend distribution decision has not been taken.

NOTE 30 - EFFECTS OF CHANGES IN FOREIGN CURRENCY RATES

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

NOTE 31 - REPORTING IN HYPERINFLATIONARY ECONOMIES

Please refer to Note 2.

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NOTE 32 - FINANCIAL INSTRUMENTS

Available for sale-investments

	31 December 2020		31 December 2019	
	TL	(%)	TL	(%)
YDT	2,391,376	0.93	1,365,132	0.93
Bintur	153,212	1.33	153,064	1.33
Total	2,544,588		1,518,196	

YDT and Bintur were stated at their fair values which were determined based on one of the generally accepted valuation methods, based on discounted cash flows. As of 31 December 2020, nominal discounts and growth rates are used in the fair value calculations.

As of 31 December 2020 and 2019, the discount and growth rates used in discounted cash flow models are as follows:

	Discount Rate		Growth Rate	
	2020	2019	2020	2019
Bintur	19.61%	20.21%	1%	1%
YDT	18.76%	19.01%	1%	1%

Movements of available for sale investments in 2020 and 2019 are as follows:

	2020	2019
1 January	1,518,196	1,278,274
Fair value change - YDT	1,026,244	216,268
Fair value change - Bintur	148	23,654
31 December	2,544,588	1,518,196

Movements of fair value reserve of available-for-sale investments in 2020 and 2019 are as follows:

	2020	2019
1 January	732,191	503,082
Change in fair value	1,026,392	239,922
Deferred income tax effect on fair value reserve of available for sale investments (Note 28)	(51,312)	(10,813)
31 December	1,707,271	732,191

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NOTE 33 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS

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

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

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 institutions, 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 2020 and 2019 are as follows:

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

a) Credit risk (Continued):

31 December 2020

31 December 2020	Receivables				Bank Deposits
	Trade Receivables (1)		Other Receivables		
	Related Parties	Third Parties	Related Parties	Third Parties	
Maximum amount of credit risk exposed as of reporting date (A+B+C+D+E) (2)	138,247,816	21,487,947	91,161,651	112,456	18,913,987
- The part of maximum credit risk covered with guarantees	-	3,790,000	-	-	-
A. Net book value of financial assets not due or not impaired	130,420,313	18,223,956	91,161,651	112,456	18,913,987
B. Net book value of financial assets whose conditions are renegotiated , otherwise will be classified as past due or impaired	-	-	-	-	-
C. Net book value of assets past due but not impaired (3)	7,827,503	3,263,991	-	-	-
- The part covered by guarantees	-	70,525	-	-	-
D. Net book value of assets impaired					
- Past due amount (gross book value)	-	1,392,161	-	-	-
- Impairment amount (-)	-	(1,392,161)	-	-	-
- 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) The Company's receivables are mainly stemming from meat and by-products, frozen dough products and packaged food.

(2) In determining the related amounts, factors that increase the credit reliability such as the collateral received are not considered.

(3) The Company management anticipates that it will not encounter any problems in the collection of related amounts, considering its past experience.

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

a) Credit risk (Continued):

31 December 2019

	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)	96,159,151	21,207,926	10,154,090	28,445	31,109,557
- The part of maximum credit risk covered with guarantees	-	700,000	-	-	-
A. Net book value of financial assets not due or not impaired	92,856,218	19,765,562	10,154,090	28,445	31,109,557
B. Net book value of financial assets whose conditions are renegotiated , otherwise will be classified as past due or impaired	-	-	-	-	-
C. Net book value of assets past due but not impaired (3)	3,302,933	1,442,364	-	-	-
- The part covered by guarantees	-	24,936	-	-	-
D. Net book value of assets impaired					
- Past due amount (gross book value)	-	1,230,031	-	-	-
- Impairment amount (-)	-	(1,230,031)	-	-	-
- 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) The Company's receivables are mainly stemming from meat and by-products, frozen dough products and packaged food.

(2) In determining the related amounts, factors that increase the credit reliability such as the collateral received are not considered.

(3) The Company management anticipates that it will not encounter any problems in the collection of related amounts, considering its past experience.

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

a) Credit risk (Continued):

31 December 2020	Receivables		
	Related Parties	Third Parties	Total
1 - 30 days overdue	2,154,069	2,974,730	5,128,799
1 - 3 months overdue	2,193,159	219,002	2,412,161
3 - 6 months overdue	3,480,275	70,259	3,550,534
The part of credit risk covered with guarantees	-	(70,525)	(70,525)
Total	7,827,503	3,263,991	11,091,494

31 December 2019	Receivables		
	Related Parties	Third Parties	Total
1 - 30 days overdue	1,434,720	1,399,585	2,834,305
1 - 3 months overdue	981,963	42,779	1,024,742
3 - 6 months overdue	886,250	-	886,250
The part of credit risk covered with guarantees	-	(24,936)	(24,936)
Total	3,302,933	1,442,364	4,745,297

b) Liquidity risk:

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

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

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

b) Liquidity risk (Continued):

The liquidity risk analysis of financial liability types as of 31 December 2020 and 2019 is as follows:

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					
Bank borrowings	77,975,231	94,286,106	2,042,606	10,654,913	81,588,587
Trade payables	142,942,317	142,942,317	135,656,290	7,286,027	-
Other payables and other financial liabilities	30,556,671	30,556,671	22,165,049	5,621,176	2,770,446
Total	251,474,219	267,785,094	159,863,945	23562,116	84,359,033

31 December 2019					
	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					
Bank borrowings	5,230,556	5,309,403	-	5,309,403	-
Trade payables	111,059,128	111,059,128	108,944,173	2,114,955	-
Other payables and other financial liabilities	14,875,099	14,875,099	7,965,396	3,527,317	578,930
Total	131,164,783	131,243,630	116,909,569	10,951,675	578,930

c) Market risk:

i) Foreign exchange risk

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

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

c) Market risk (Continued):

i) Foreign exchange risk (Continued):

	Foreign Currency Position							
	31 December 2020				31 December 2019			
	TL Equivalent	USD	EUR	Other (TL Equivalent)	TL Equivalent	USD	EUR	Other (TL Equivalent)
1. Trade Receivables	10,253,878	1,396,891	-	-	6,301,169	1,060,767	-	-
2a. Monetary Financial Assets (Cash Bank Accounts included)	333,815	42,527	2,403	-	1,973,873	325,546	6,023	-
2b. Non-monetary Financial Assets	-	-	-	-	-	-	-	-
3. Other	67,100	9,141	-	-	36,495	6,144	-	-
4. Current Assets (1+2+3)	10,654,793	1,448,559	2,403	-	8,311,537	1,392,457	6,023	-
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)	10,654,793	1,448,559	2,403	-	8,311,537	1,392,457	6,023	-
10. Trade Payables	-	1,771,647	12,220	186,719	-	2,976,828	6,272	-
442,001	-	-	-	-	-	-	-	-
11. Financial Liabilities	-	-	-	-	-	-	-	-
12a. Monetary Other Liabilities	-	-	-	-	-	-	-	-
12b. Non-monetary Other Liabilities	-	-	-	-	-	-	-	-
13. Short-Term Liabilities (10+11+12)	1,771,647	12,220	186,719	-	2,976,828	6,272	442,001	-
14. Trade Payables	-	-	-	-	-	-	-	-
15. Financial Liabilities	-	-	-	-	-	-	-	-
16a. Monetary Other Liabilities	-	-	-	-	-	-	-	-
16b. Non-monetary Other Liabilities	-	-	-	-	-	-	-	-
17. Long-Term Liabilities (15+16)	-	-	-	-	-	-	-	-
18. Total Liabilities (13+17)	1,771,647	12,220	186,719	-	2,976,828	6,272	442,001	-
19. Net Asset/ Liability Position of Off-Balance Sheet								
Derivative Instruments (19a-19b)	-	-	-	-	-	-	-	-
19a. Amount of Hedged Asset	-	-	-	-	-	-	-	-
19b. Amount of Hedged Liability	-	-	-	-	-	-	-	-
20. Net Foreign Currency Asset (Liability)								
Position (9-18+19)	8,883,146	1,436,339	(184,316)	-	5,334,709	1,386,185	(435,978)	-
21. Net Foreign Currency Asset (Liability) Position of								
Monetary Items (IFRS 7.B23)								
(=1+2a+5+6a-10-11-12a-14-15-16a)	8,816,046	1,427,198	(184,316)	-	5,298,214	1,380,041	(435,978)	-
22. Total Fair Value of Financial Instruments Used for								
Foreign Currency Hedging	-	-	-	-	-	-	-	-
23. Amount of Foreign Currency Denominated Assets Hedged	-	-	-	-	-	-	-	-
24. Amount of Foreign Currency Denominated Liabilities Hedged	-	-	-	-	-	-	-	-
25. Export	36,366,045	4,638,020	-	5,781,819	39,421,529	6,338,028	-	5,174,453
26. Import	13,572,510	6,457	1,729,196	-	13,255,671	13,794	1,887,043	1,231,144

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

c) Market risk (Continued):

i) Foreign exchange risk (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 TL:				
1- Asset/Liability denominated in USD - net	1,054,345	(1,054,345)	1,054,345	(1,054,345)
2- The part hedged for USD risk (-)	-	-	-	-
3- USD Effect Net (1+2)	1,054,345	(1,054,345)	1,054,345	(1,054,345)
Change of EUR by 10% against TL:				
4- Asset/Liability denominated in EUR - net	(166,030)	166,030	(166,030)	166,030
5- The part hedged for EUR risk (-)	-	-	-	-
6- EUR Effect Net (4+5)	(166,030)	166,030	(166,030)	166,030
Change of other currencies by average 10% against TL				
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)	888,315	(888,315)	888,315	(888,315)

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

c) Market risk (Continued):

i) Foreign exchange risk (Continued):

31 December 2019

	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 TL:				
1- Asset/Liability denominated in USD - net	823,421	(823,421)	823,421	(823,421)
2- The part hedged for USD risk (-)	-	-	-	-
3- USD Effect Net (1+2)	823,421	(823,421)	823,421	(823,421)
Change of EUR by 10% against TL:				
4- Asset/Liability denominated in EUR - net	(289,952)	289,952	(289,952)	289,952
5- The part hedged for EUR risk (-)	-	-	-	-
6- EUR Effect Net (4+5)	(289,952)	289,952	(289,952)	289,952
Change of other currencies by average 10% against TL				
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)	533,469	(533,469)	533,469	(533,469)

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NOTES TO THE FINANCIAL STATEMENTS

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

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

a) Market risk (Continued):

ii) Interest rate risk

The Company does not have financial instrument with variable interest rate as of 31 December 2020 and 2019.

iii) Price risk

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

d) Capital risk management

The Company's objectives when managing capital are to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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

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

	31 December 2020	31 December 2019
Financial liabilities (Note 15)	86,366,853	10,536,797
Less: Cash and cash equivalents (Note 4)	(22,875,684)	(31,544,019)
Net (debt)/assets(Note 15)	63,491,169	(21,007,222)
Total equity	781,332,271	654,700,297
Net (assets) debt/equity ratio	8.13%	(3,20%)

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

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NOTES TO THE FINANCIAL STATEMENTS

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

Classification of financial assets

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

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

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

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

Financial assets

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

Financial liabilities

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

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

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

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

Classification of financial assets (Continued)

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

31 December 2020

	Level 1	Level 2	Level 3 (*)	Total
Assets:				
Available-for-sale investments	-	-	2,544,588	2,544,588
Total assets	-	-	2,544,588	2,544,588

31 December 2019

	Level 1	Level 2	Level 3 (*)	Total
Assets:				
Available-for-sale investments	-	-	1,518,196	1,518,196
Total assets	-	-	1,518,196	1,518,196

(*) As of 31 December 2020 and 2019, there has been no transfer between Level 1 and 2 within the years ended.

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

31 December 2020

	Level 1	Level 2	Level 3	Total
Property, plant and equipment:				
Land	-	165,122,476	-	165,122,476
Buildings and land improvements	-	77,613,581	-	77,613,581
Machinery and equipment	-	108,007,975	-	108,007,975
Investment properties:				
Investment properties	-	23,230,000	-	23,230,000
Biological assets:				
Biological assets	-	17,263,737	-	17,263,737
Total assets	-	391,237,769	-	391,237,769

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

Classification of financial assets (Continued)

31 December 2019

	Level 1	Level 2	Level 3	Total
Property, plant and equipment:				
Land	-	165,122,476	-	165,122,476
Buildings and land improvements	-	80,219,924	-	80,219,924
Machinery and equipment	-	90,237,402	-	90,237,402
Investment properties:				
Investment properties	-	21,115,000	-	21,115,000
Biological assets:				
Biological assets	-	13,225,488	-	13,225,488
Total assets	-	369,920,290	-	369,920,290

NOTE 35 - SUBSEQUENT EVENTS

None (31 December 2019: None).

INFORMATION FOR INVESTORS

Stock Market

The shares of Pınar Entegre Et ve Un Sanayii A.Ş. are traded on the Borsa İstanbul Star Market under the symbol PETUN.

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 Entegre Et ve Un Sanayii A.Ş., the Ordinary General Assembly meeting of the Company will be held on Thursday, March 25, 2021, at 14.30 at the Pınar Süt Factory in Yunus Emre Mah. Kemalpaşa Cad. No.317 Bornova/İZMİR.

Dividend Distribution Policy

The Dividend Distribution Policy for 2013 and subsequent years prepared in line with the Capital Market Legislation of Pınar Entegre Et ve Un 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 Entegre Et ve Un Sanayii A.Ş.

Investor Relations Department

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To access Pınar Et investor relations website:



Performance of Pınar Et Stock

