VİKİNG KAĞIT ve SELÜLOZ A.Ş.

VİKİNG KAĞIT ANNUAL REPORT 2019

Yaşar

for a better life

Reporting Period
01.01.2019 - 31.12.2019

Trade Name
Viking Kağıt ve Selüloz A.Ş.

Trade Registry and Number
Aliağa Trade Registry No: 4963

Authorized Capital
TL 80,000,000

Paid-in Capital
TL 42,000,000

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twitter.com/lilykagit

VİKİNG
KAĞIT ve SELÜLOZ A.Ş.

CONTENTS

Viking Kağıt continues its activities with the goal of “growth and having strong brands“ that do not compromise its sustainable quality approach.

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

Since its foundation, Yaşar Group has adopted the motto of "non-stop working, producing and contributing in the country" to enrich Turkish economy, society, environment, life quality and human health without compromising corporate and ethical principles. Yaşar Group is one of Turkey's leading groups and today operates with 21 companies, 25 factories and facilities, 2 foundations and approximately 7,500 employees and stands on "Durmuş Yaşar Enterprise" founded in 1927 by Durmuş Yaşar in Izmir to sell naval materials and coating products.

FOOD AND BEVERAGES GROUP	COATINGS GROUP	TISSUE PAPER GROUP	TRADE AND SERVICE GROUP	FOUNDATIONS
Food • Pınar Süt • Pınar Et • Yaşar Birleşik Pazarlama • Pınar Foods GmbH • HDF FZCO • Hadaf Foods Industries LLC ***Beverage*** • Pınar Su ve İçecek ***Agriculture, Husbandry and Fishery*** • Çamlı Yem Besicilik	• Dyo Boya Fabrikaları • AO Kemipeks • S.C. Dyo Balkan SRL • Dyo Africa Paints and Varnishes LLC	• Viking Kağıt	• Altın Yunus Çeşme • Bintur • Yaşar Dış Ticaret • Yaşar Bilgi İşlem ve Ticaret • Yadex International GmbH • Desa Enerji • Desa Elektrik	• Yaşar Eğitim ve Kültür Vakfı • Selçuk Yaşar Spor ve Eğitim Vakfı

The most common brands in different sectors

Pınar and DYO, the locomotive brands in the food, beverage and coatings sectors, which are the main business branches of Yaşar Group, are ranked first in the "ranking of the most well known brands by the consumer"in Turkey. The shares of Pınar Süt, Pınar Et, Pınar Su, Dyo Boya, Viking Kağıt and Altın Yunus Çeşme which are subsidiaries of Yaşar Holding A.Ş. operating in the fields of food, beverage and coating as well as cleaning papers, tourism, foreign trade and energy are traded in Istanbul Stock Exchange.

The rooted corporation which has broken many grounds in Turkey,

Yaşar Group has accomplished many "firsts" in Turkey with its innovative approach:

- First coating factory and brand, DYO
- First private sector milk factory in international standards, PINAR SÜT
- First 1,100 beds first class holiday village, ALTIN YUNUS ÇEŞME
- First private sector paper factory, VİKİNG KAĞIT
- Natural spring water in first one way package, PINAR SU VE İÇECEK
- First private sector integrated meat plant, PINAR ET
- First integrated turkey plant,
- First culture fishing plant and first culture fish production, PINAR DENIZ
- First organic fertilizer factory, ÇAMLI YEM

An approach that values the environment and society

Adopting as one of the basic principles of following and minimizing the possible effects of all its activities on Environment and human, Yaşar Group continues its activities in accordance with all laws and regulations. Yaşar Group contributes in sports, culture and art through its long term social responsibility projects and Yaşar Eğitim ve Kültür Vakfı (Yaşar Education and Culture Foundation) and Selçuk Yaşar Spor ve Eğitim Vakfı (Selçuk Yaşar Sports and Education Foundation) designs several projects. Yaşar University is developing to become one of the most successful universities in the country.

Yaşar Group, which participated in the United Nations Global Compact on November 12, 2007, published a Sustainability Notice Report for 2009 and 2010 and a Sustainability Report for 2011 - 2018. Group signed UN Women's Empowerment Principals "CEO Statement of Support" in 2012 and made commitments about fair gender policies with "Gender Equity Policies in the Workplace" in 2013.

Progress notices and sustainability reports published by the Group under the Global Compact can be accessed on the corporate website at www.yasar.com.tr.

Chairperson's Message

With its 28.3 thousand tons sales volume, Viking Kağıt realized 224.0 million TL revenue in 2019.

Dear shareholders,

Viking Kağıt, established in Izmir in 1969 as "the first private paper factory" of Turkey, continues to operate with its Lily, Senso and Select brands under the roof of Yaşar Group which is one of the long-established organizations of Turkey since 1982. Our Company, which determined its subject of production as one-side glazed wrapping paper, printing paper and paper for lamination, started its activities in cleaning paper sector as of 1996. Continuing its production with a sustainable quality approach, our Company closely monitors the performance of the global market with the impact of increasing export revenues.

The lowest growth rate since the global financial crisis has occurred in the global economy of 2019 when the trade wars had a negative impact. Seeing signs of continuity in slowing down, OECD keeps its growth expectation at 2.9% for the world economy in 2019 and 2020. Turkey's economy ended 2019 with a relatively better growth compared to the negative expectations at the beginning of the year. The economy, which had a tendency to shrink as of the end of 2018, grew by 0.9% in the third quarter, after the shrinkage of 2.3% in the first quarter and 1.6% in the second quarter. With the effect of the last quarter which had a relatively positive atmosphere, growth estimations of organizations such as OECD, World Bank and IMF are that the annual growth will be positive. While the 2020 growth estimates of the same organizations are announced around 3%, we expect that there will be a more positive atmosphere in Turkey`s economy in 2020.

Growing Market

It is estimated that the production of cleaning papers in the world reached 39 million tons at the end of 2019. Approximately 47% of this production occurred in North America, Europe and China. Especially in recent years, China, as well as South America, has accelerated its growth momentum. As the growth in the cleaning paper industry is expected to continue in the next five years depending on the capacity increases based on cellulose production, the total consumption is estimated to be approximately 40 million tons. (RISI 2018)

Total per capita cleaning paper consumption was 25 kg in the USA and 18 kg in the EU. (Istanbul Chamber of Industry, 2018) Private consumption in Turkey reached 7.3 kg (SKSV, 2019 Report). In 2019, revenue of paper products reached to 6.9 billion TL in fast consumption product (FMCG) market and increased 21.5% when compared to previous year (Nielsen, 2019). These figures indicate that cleaning papers market shall continue to grow next year.

In Turkish Market domestic consumer products compromise around 70% of cleaning papers market on tonnage basis. Away-From-Home Consumption Channel grows rapidly with the new facilities and hotels opened every year.

Changes in Consumers` Preferences

As Viking Kağıt, we are closely monitoring the expectations and needs of the consumers. While we focus on domestic consumption with toilet papers, towels, napkins, facial tissues and wet towels under Premia, Lily, Senso and Pufla brands, we also continue to take place in away-from-home consumption channel with Select brand products. We effectively distribute our products with more than 50 dealers and more than 200 direct sales points in Turkey. With 224.0 million TL turnover in 2019, our company has achieved a total sales volume of 28.3 thousand tons. On the other hand, it is observed that the interest in environmentally friendly and sustainable products has increased in the consumer behavior of the fast consumption sector, which also includes cleaning papers, which our company closely follows. 38%, %37 and 30% of the consumers are willing to pay more for environmentally-friendly and sustainable products, recycled products with renewable packages that differ from other products in the market and products that claim social responsibility, respectively. (Nielsen-2019)

Company with High Export Share

Thanks to our sense of high quality services, we managed to continue its exports activities consistently in 2019 and carried out exports to more than 20 countries. Our total exports were 13.2 million USD in 2019. The shares of England, Israel and Greece had a significant share in our exports. We realized an efficient marketing activity to expand the foreign markets and also had close interactions with the potential buyer in new markets.

Investments Increasing Productivity in Production

We increased the productivity in production with the investments in 2019. We started to obtain the results of the works on efficient use of energy, raw materials and water in machine parks and production facilities. While a total investment of 10.8 million TL was made in 2019, modernization and renovation works in the production lines were the focus of our Investments.

Strong Brands, Environmentally Friendly Production

We make a difference with our innovative perspective and environmentally friendly practices in the industry, where we serve with 5 strong brands, in particular Lily, Senso and Select, and more than 70 products. The Company saves approximately 310,000 trees every year with eco-friendly cleaning paper products as well as our Lily brand with 100% cellulose. In the past 7 years, we have prevented over 2,000,000 trees from being cut down. Having imported cellulose as the production is not available in Turkey, our Company contributes to the environment and the economy by using pulp obtained from scrap paper. As Viking Kağıt, we ensure that the waste generated in the facility is recycled and disposed of in accordance with the law.

We continue our work on projects that reduce carbon emissions by calculating our corporate carbon footprint and water footprint. Within the framework of the calculation of the water footprint in 2019, an 18% reduction has been achieved compared to the 2015 base year, while the use of external energy is reduced with the cogeneration investment. Within the scope of our project carried out jointly with ÇEVKO, we regained 54% of the packaging materials to the economy in 2019.

Certified Quality

Our company, which has proved its production quality and the identity of the responsible producer with the certificates it has received, holds ISO 9001:2015 Quality Management System Certificate, ISO 50001:2011 Energy Management System Certificate, BRC CP Certificate A GRADE, HYGIENIC PRODUCT GC MARK Certificate, hygienic production in EU norms, ISEGA Food Contact Conformity Certificate, DERMATEST Dermatologic Conformity Certificate, TSE Certificate (SELECT PROFESSIONAL) and Domestic Goods Certificate. We are also proud to be the first company who received FSC-CoC (Forest Stewardship Council- Chain of Custody) Management System Certificate among the Turkish paper-carton manufacturers. We work with over 50 dealers and over 650 suppliers. Considering the long-term business collaborations as an integral part of its sustainable business model, our Company establishes long-term business collaborations with package and chemical substance suppliers with the basis of win-win. We also select our potential suppliers by evaluating quality, delivery, price/performance criteria. We also constantly monitor the manufacturing, storage and loading conditions and periodically audit whether or not the requirements of quality certificates and procedures are met.

Human First

While determining our Human Resources policies, we increase our efficiency by combining our technological opportunities with human resources. Throughout the year, we provided employees with a total of 3,831 hours of training in job security, personal development and vocational training. While providing scholarship to 8 students through Yaşar Eğitim ve Kültür Vakfı channel under our educational support works, we also gave internship opportunity to 39 high school and university students under the frame of professional training. Together with Özel Sektör Gönüllüleri Derneği, we conducted the project of group coaching practice for 10th and 11th grade vocational high school students within the scope of "Vocational High School Coaches Program".

I would like to thank all of our employees, stakeholders, supporters who contributed to our success and our dear shareholders who provided full support and stayed with us throughout 2019.

Best Regards,

İdil Yiğitbaşı
Chairperson

Board of Directors

İDİL YİĞİTBAŞI
CHAIRPERSON

MUSTAFA SELİM YAŞAR
VICE CHAIRPERSON

EMİNE FEYHAN YAŞAR
MEMBER

YILMAZ ATTİLA
INDEPENDENT MEMBER

FEYZİ ONUR KOCA
INDEPENDENT MEMBER

YILMAZ GÖKOĞLU
MEMBER

CENGİZ EROL
MEMBER

* Background information of Board of Directors is given on pages 31-32.

Senior Management and Committees

BOARD OF DIRECTORS AND TERMS OF OFFICES

NAME SURNAME	TITLE	TERM
İDİL YİĞİTBAŞI	CHAIRPERSON	27.03.2019 - 1 YEAR
MUSTAFA SELİM YAŞAR	VICE CHAIRPERSON	27.03.2019 - 1 YEAR
EMİNE FEYHAN YAŞAR	MEMBER	27.03.2019 - 1 YEAR
YILMAZ ATTİLA	INDEPENDENT MEMBER	27.03.2019 - 1 YEAR
FEYZİ ONUR KOCA	INDEPENDENT MEMBER	27.03.2019 - 1 YEAR
YILMAZ GÖKOĞLU	MEMBER	27.03.2019 - 1 YEAR
CENGİZ EROL	MEMBER	27.03.2019 - 1 YEAR

Limitations of Authorities:

Chairperson of the Board and the Board Members have the authorities stipulated under relevant articles of Turkish Commercial Code and articles 10 and 11 of our Articles of Incorporation.

SENIOR MANAGEMENT

NAME SURNAME	TITLE
AHMET ABDULLAH AKÇASIZ	GENERAL MANAGER
SÜLEYMAN SEZER	FINANCIAL AFFAIRS AND FINANCE DIRECTOR

AUDIT COMMITTEE

NAME SURNAME	TITLE
FEYZİ ONUR KOCA	HEAD OF COMMITTEE
YILMAZ ATTİLA	MEMBER

CORPORATE GOVERNANCE COMMITTEE

NAME SURNAME	TITLE
YILMAZ ATTİLA	HEAD OF COMMITTEE
CENGİZ EROL	MEMBER
YILMAZ GÖKOĞLU	MEMBER
SÜLEYMAN SEZER	MEMBER

EARLY DETECTION OF RISK COMMITTEE

NAME SURNAME	TITLE
FEYZİ ONUR KOCA	HEAD OF COMMITTEE
YILMAZ GÖKOĞLU	MEMBER
CENGİZ EROL	MEMBER

Viking Kağıt and 2019 at a Glance

Viking Kağıt continued to grow and produce in 2019.

ANNUAL PRODUCTION CAPACITY OF 45,800 TONS

5 STRONG BRANDS

MORE THAN 70 PRODUCTS PORTFOLIO

50 YEARS OF SECTORAL EXPERIENCE

54% of packaging materials released by the Company were brought back to economy.

FINANCIAL PERFORMANCE IN THE YEAR 2019

(Million TL)	01.01.2019-31.12.2019	01.01.2018-31.12.2018
Net Sales	224.0	230.2
Gross Profit	41.8	53.2
Gross Profit Margin	%18.66	%23.1

(Million TL)	31.12.2019	31.12.2018
Shareholder's Equity	4.8	27.7
Assets	284.3	267.1
Total Liabilities/Equity Ratio	57.72	8.66

224 million TL
TURNOVER

41.8 million TL
GROSS PROFIT

7.3 kg
Cleaning paper consumption per capita in Turkey in 2019 (SKSV)

6.9 billion TL Cleaning papers market turnover in Turkey (Nielsen)

Cleaning papers market in Turkey on tonnage basis

70% at-home consumer products

30% away from home consumer products

exports to
22
countries

28,274 tons
sales tonnage in 2019

10.8 million TL
2019 investment amount

total exportation of 2019 is
13.2 million USD

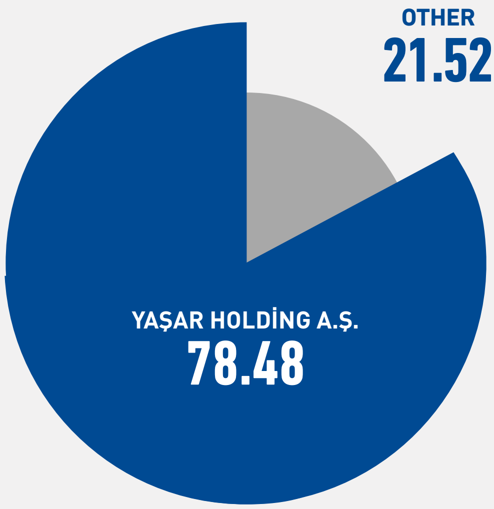
3,831 hours of training for employees

208
average number of employees

Company Profile

Viking Kağıt, founded in 1969 in Izmir as the "first private sector paper factory" of Turkey, continues its production with a sustainable quality approach.

SHAREHOLDING STRUCTURE OF VİKİNG KAĞIT (%)



Shareholders	Share Ratio (%)	Amount of Share (TL)
YAŞAR HOLDİNG A.Ş.	78.48	32,962,048.70
OTHER	21.52	9,037,951.30
Total	**100.00**	**42,000,000.00**

Viking Kağıt's shares are traded at Borsa Istanbul Main Market - Group 2 under the ticker symbol "VKING".

The company's capital is represented entirely by bearer shares, and there is no privilege with regard to the company's shares.

Viking Kağıt, which was established in 1969 as the "first private sector paper factory" in Izmir Aliağa, Turkey, started its operations in 1971 with the production of single-sided glazed wrapping, printing and lamination paper with a capacity of 13,500 tons/year. The company, which grew with its participation in Yaşar Group in 1982, continues its operations in the cleaning paper sector, which it entered in 1996, with an annual production capacity of 45,800 tons.

Viking Kağıt Premia, which closely monitors the expectations and needs of its consumers, focuses on domestic consumption with its Lily, Senso and Pufla branded toilet paper, towels, napkins, box wipes and wet towels products, while its Select branded products take its place in the away from home consumption market. The company effectively distributes its products through more than 50 dealers and more than 200 direct outlets in Turkey.

POWERFUL BRANDS AND OVER 70 PRODUCTS

Having 5 strong brands and more than 70 products, Viking Kağıt stands out in its sector with its innovative perspective and environmentally friendly applications. Following the dynamics of the sector closely, the Company develops innovative products that meet changing consumer needs and expectations.

Certifying its quality standards with documents given by international independent institutions, Viking Kağıt conducts environmentally and human friendly works at all stages of production. The company saves approximately 310,000 trees every year with "eco-friendly" cleaning paper products. In addition, the number of trees that the company has prevented from being cut in the last 7 years has increased to over 2,000,000.

Viking Kağıt, which has calculated its corporate carbon footprint and water footprint, is reporting its results for 2019 while continuing its work on projects that reduce carbon emissions.

Competitive Superiorities

Viking Kağıt makes a difference in its sector thanks to its high quality production, rich product portfolio, widespread distribution network, brand awareness and environmentally sensitive production understanding.

Viking Kağıt, which works with the understanding of a responsible production oriented to environment and human without compromising from quality, continues its activities in parallel with its goal of "growing and having strong brands" with its state-of-the-art production facilities and innovative vision.

BRAND AWARENESS

- Brand identities formulated towards specific consumer groups and sales channels
- High brand reliability,
- High customer satisfaction

RICH PRODUCT PORTFOLIO

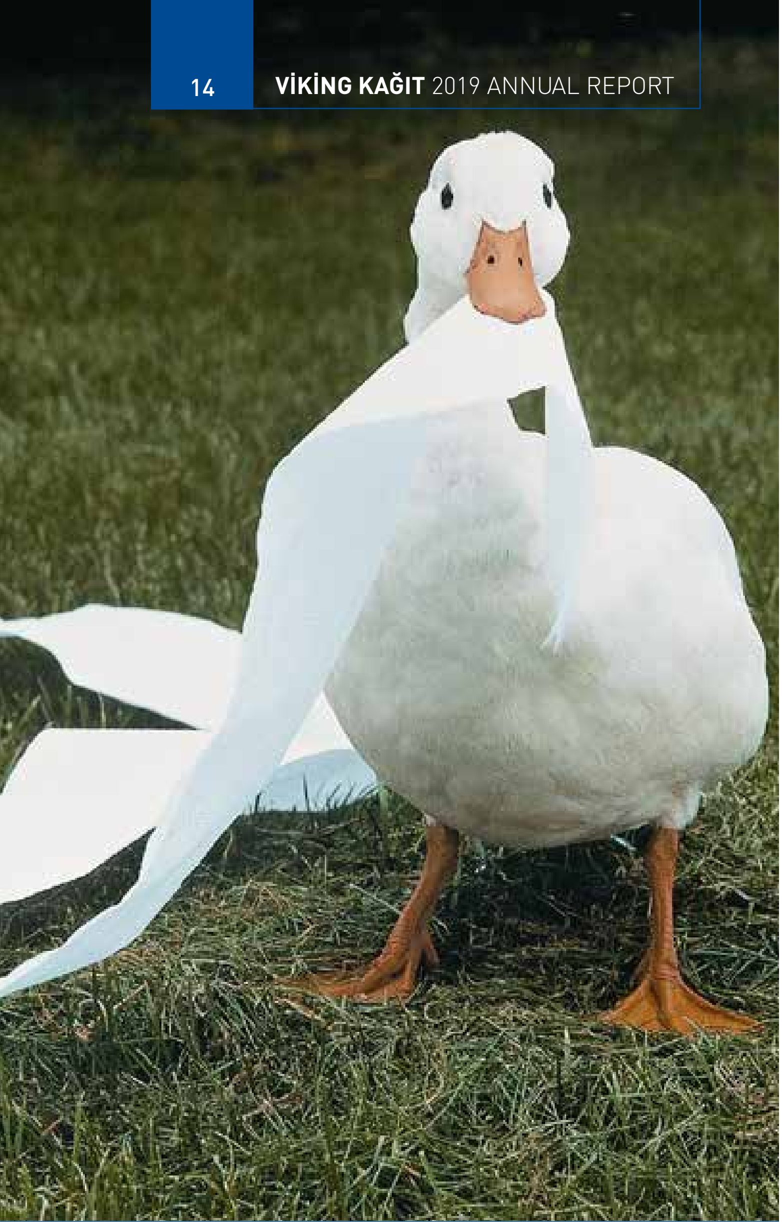
- More than 70 products suitable for demands of at-home and out-of-home consumption channels in 5 different brands
- Rich product portfolio in parallel with innovative and pioneering identity
- Fast response to needs of market with technological and sectoral knowledge and experience

PRODUCTION CERTIFIED WITH DOCUMENTS

- ISO 9001:2015 Quality Management System Certificate
- ISO 50001:2011 Energy Management System Certificate
- BRC CP Certificate A GRADE
- HYGIENIC PRODUCT GC MARK Certificate; Hygienic production at EU norms
- ISEGA Certificate of Conformity to Contact with Foodstuffs
- DERMATEST Dermatological Certificate of Conformity Excellent Level
- TSE Certificate (SELECT PROFESSIONAL)
- Domestic Goods Certificate

PRODUCT DIVERSITY STRATEGY

Viking Kağıt plans to continue its cooperation in this field in 2020, anticipating that growth will continue in all sub-segments of the cleaning paper sector as well as in private label products.



Viking Kağıt Products

Viking Kağıt meets the expectations of its consumers with a variety of rich products in the home and away from home consumption market.

At-Home Consumption

The Company reaches to customers with "Premia, Lily, Senso ve Pufla" brands in at-home consumption market.

Premia

Superior Absorbency and Softness

- Premia Toilet Paper
- Premia Paper Towel

Premia branded paper towels, which are made of 100% pure cellulose and can easily absorb liquid and moisture with their three-layer embossed texture, are among the products that have been certified to be in contact with food in Turkey with international ISEGA certification. With the Dermatest certificate, it is proven that Premia brand toilet papers have no allergic effect even on most sensitive skins.

5 BRANDS

70+ NUMBER OF TOTAL PRODUCTS

Lily

Double-Ply Durability

- Lily Toilet Paper
- Lily Paper Towel
- Lily "Pudgy" Napkins
- Lily Boxed Napkins
- Lily Wet Towel

Lily products, softness, durability and absorbency values of which are increased by special production technique, are produced from 100% pure cellulose. Lily is offered to the consumer as a 2-layer high-performance product. Attracting attention with its embossed pattern, Lily is especially preferred in the kitchens due to its convenience and hygienic structure.

Senso

Economic Quality

* Senso Toilet Paper
* Senso Paper Towel
* Senso Napkins
- Senso Wet Towel

In addition to its absorbent properties and durability, Senso toilet paper, towel, napkin products provide consumers with quality and economic benefits.

Pufla

Economic Hygiene

- Pufla Toilet Paper
- Pufla Paper Towel
- Pufla Napkins

Pufla branded products are produced by recycling used magazines, notebooks and books.These products, which have been brought back to the economy, offer their consumers the comfort of cellulose products and also provide their users with the opportunity to support recycling.

Away from Home Consumption

Meeting the needs with its durable and quality products at places such as restaurants, coffee shops and hotel, Select brand also offers rich product options for away from home consumption.

Select

Advantageous Solutions for Professionals

- Select Expert Toilet Paper
- Select Smart Toilet Paper
- Select Optima Toilet Paper
- Select Self-Dispensing Toilet Paper
- Select Mini Jumbo Toilet Paper
- Select Expert Paper Towel
- Select Optima Paper Towel
- Select Expert Dispenser Paper Towel
- Select Optima Dispenser Paper Towel
- Select Smart Dispenser Paper Towel
- Select Expert Active Paper Towel
- Select Optima Active Paper Towel
- Select Smart Active Paper Towel
- Select Self-Dispensing Towel
- Select Expert Napkin
- Select Expert "Pudgy" Napkin
- Select Smart Napkins
- Select Expert Standard Dispenser Napkins
- Select Expert Economical Dispenser Napkins
- Select Smart Economical Dispenser Napkins
- Select Expert Closet Seat Cover
- Select Boxed Napkins

SEMI-FINISHED PRODUCTS

Along with the increase in toilet paper, towel and napkin product segments, the share of semi-finished goods in production conducted by Viking Kağıt within 2019 reached to 29.5%.

PRIVATE LABEL PRODUCTS

Viking Kağıt envisages to continue to grow in private branded products in 2019 and plans to add new innovations to existing strong cooperation in this area. The company aims to increase its exports in 2020, both at home and away from home, with its rich product portfolio.

Sector Overview

Growth in the cleaning paper sector is expected to continue over the next five years due to capacity increases based on cellulose production.

World cleaning paper production is estimated to reach 39 million tonnes at the end of 2019. About 47% of this production took place in North America, Europe and China. Especially in recent years, South America as well as China have been observed to accelerate the growth momentum in the capacity of cleaning papers. While growth in the cleaning paper sector is expected to continue in the next five years due to capacity increases based on cellulose production, total consumption is projected to be approximately 40 million tons. (RISI 2018)

Total per capita consumption of cleaning papers amounted to 18 kg in EU while it was 25 kg in the United States. (Istanbul Chamber of Industry, 2018) Consumption in Turkey reached 7.3 kg (SKSV, 2019 Report). Paper products turnover in the fast moving consumer goods (FMCG) market in 2019 increased to TL 6.9 billion, by 21.5% compared to the previous year (Nielsen, 2019). These figures indicate that cleaning papers market shall continue to grow next year.

In Turkish Market domestic consumer products compromise 70% of cleaning papers market on tonnage basis. Away from home consumption channel, which accounts for 30% of the cleaning paper market on a tonnage basis, is also growing rapidly with new facilities and hotels opened every year in parallel with Turkey's growing tourism potential. In 2019, the number of visitors to Turkey increased by 12.22% compared to 2018 (TÜİK). The growth of the away from home market is expected to continue in 2020, taking into account the growth trend in the number of visitors.

NEW TRENDS IN CLEANING PAPER INDUSTRY

Changes in consumer behavior are observed for the fast moving consumption sector in the cleaning Paper sector. As consumers change their habits, they expect companies to develop environmentally-focused programs.

In the survey, 73% of consumers said "I would change my shopping habits to reduce the impact on the environment," while 81% thought "it is very important for companies to have programs that protect the environment." In Generation Y, this rate rises to 85%. The new perception of "healthy and sustainable living" in consumers covers the world along with itself. For the world, the concepts of environment-friendly, low emissions, animal-friendly and recycling are becoming more and more important to the consumer. 38%, %37 and 30% of the consumers are willing to pay more for environmentally-friendly and sustainable products, recycled products with renewable packages that differ from other products in the market and products that claim social responsibility, respectively. (Nielsen-2019)

The growth trend seen during the recent years for the special brand products in fast moving consumption goods sector in Turkey also continued in 2019.When January-September period of special brand products in total fast consumer market is compared (excluding cigarette and alcohol), it is seen that the market share which was 20% in 2015 has increased to 21% in 2019 at the same period. The turnover of this growth is recorded as 29% growth. When January-September period is compared in special branded paper products, it is seen that the market share which was 35% in 2018 has increased to 38.6% in 2019 at the same period. The turnover of this growth is stated as 42%. (Source: Nielsen)

Activities in 2019

The sales volume of Viking Kağıt in 2019 amounted to 28.3 thousand tons. The Company gained revenues of 13.2 million USD with exports to 22 countries.

Viking Kağıt's turnover for 2019 was 224 million TL and its sales volume was 28,274 tons, while its gross profit was 41.8 million TL. 71% of the Company sales in 2019 were compromised of finished products like toilet papers, napkins and towels.

EXPORTS TO 22 COUNTRIES

Viking Kağıt made exports to 22 countries in 2019. The Company's total exports for 2019 were 13.2 million USD. While the share of exports in net sales was 33.3%, Viking Kağıt retained its title as the company with the highest share of exports in net sales in Yaşar Group in 2019. The shares of England, Israel and Greece are significant in the exports of the Company.

The Company realized an efficient marketing activity to expand its foreign markets and took part in several fairs within the year. Furthermore, the Company kept in contact with potential purchasers in new markets which are accepted as new opportunities. Besides these, thanks to its sense of high quality services, Viking Kağıt managed to continue its exports activities consistently against all the difficult conditions in 2019.

Viking Kağıt Customers and Consumers

Viking Kağıt introduces consumers the products it offers for all members of the family with wide distribution channels.

Highlighting the health and hygiene in its consumer communication works actively conducted throughout the year, Viking Kağıt performs its operations with "Premia", "Lilly", "Senso" and "Pufla" brand toilet papers, towels, napkins, wet towels and facial tissues for final end users in the market. The Company offers "Select" brand toilet papers, towels and napkins to out-of-house market.

While the share of Viking Kağıt products for domestic consumption segment in toilet papers was 65%, the share of its products for away-from-home consumption was 35% in 2019.

EMPHASIS ON HEALTH, ENVIRONMENT AND FAMILY IN BRAND COMMUNICATION

The Company focuses on the hygiene consciousness of the society and announced the message of addition of extra value to its product in an efficient manner via magazines and newspapers during the year. In addition to these, the Company continued to convey information and suggestions to its consumers on hygiene and healthy living with the shares it made from its social media accounts.

Several campaigns were actualized under marketing and communication activities. Besides the trade promotion activities at common sales points during 2019, trade channel promotions in order to improve distribution performances of the products were also continued. Product promotions and channel discounts were made for the consumer.

Viking Kağıt, with its transparent communication strategy, shared information about production and studies with the consumers regularly via www.viking.com.tr and www.lily.com.tr websites during the year. Viking Kağıt replies the questions of the consumers about the products and their usage via **444 37 50** Consumer Consultancy Line.

Improvements have been made on quality levels of Lily and Senso brand products, which exhibited a high accessibility in the market in 2019 in parallel with the consumer expectations. In this way, the Company maintained its market share. Increasing accessibility level for all the brands contributed the powerful position of the Company in the market in 2019.

PIONEER IN AWAY FROM HOME CONSUMPTION CHANNEL

By providing a rich production variety in away-from-home consumption with its Select brand, Viking Kağıt manufactures towels, napkins, toilet paper, toilet seat covers, and examination table cloths for use in hotels, restaurants, hospitals, cafeterias and schools. The Company reaches to the Turkish units of global accommodation brands working with a sustainable business model sensitive to environmental effects, with its Select Smart brand produced from recyclable paper.

The fact that the production facilities are close to the Mediterranean region, where tourism activities are intense, is increasing the competition power of Select brand.

R&D TEAM CONSISTING OF 12 STAFF

R&D Activities

Viking Kağıt closely monitors trends in the industry and offers solutions suitable to consumers' expectations.

Viking Kağıt manages R&D activities under two separate units namely Quality Assurance and R&D Department with its team of specialists. Constantly following the new trends and production technologies in the paper industry in Turkey and all over the world, the Company continues its studies towards the design and development of new products taking into account the consumers` expectations and needs.

In 2019, Viking Kağıt completed its TÜBİTAK project, which is related to process improvement started in 2016.

PRODUCTS DEVELOPMENT WITH THE SENSE OF RESPONSIBLE MANUFACTURER

As a responsible manufacturer, Viking Kağıt realizes studies which pay regard to human health. The activities of Company in 2019 contains products which are suitable for food contact, sensitive skins and are innovative. Upon the inspections performed by DQS, German accreditation institution in 2016, the Company became the first company entitled to obtain internationally recognized BRC certificate at AA Grade which proves the high quality and safe production in compliance with laws in Turkish cleaning papers sector.

High Quality

With its sense of production which does not compromise on quality, Viking Kağıt audits the business processes at every step and proves its high quality standards with the certificates it holds.

Carrying out its production studies in accordance with the corporate culture and corporate values of Yaşar Group, Viking Kağıt monitors all processes from order placement to customer use and logs them for compliance with specific predefined methods and instructions to maintain its aim of continuity in quality.

CERTIFIED PRODUCTION

Being the first private sector entity in its sector to successfully receive ISO 9001:2015 Quality Management System Certificate from an international audit firm, the Company has realized Process Based Risk Management in order to infer process based objectives with the basis of risk analysis and thus to ensure that the impact of ever-changing process conditions on product quality is correct and updated for each process. Furthermore, Viking Kağıt has TSE certificate assurance with Select Professional brand.

High quality, safe and natural production of Viking Kağıt and its compliance with laws were certified by BRC Consumer Product certificated given by DQS, German certification institution, upon the inspections performed. Viking Kağıt became the first company receiving this certificate in the sector.

Application of HACCP (Hazard Analysis and Critical Control Points) based risk analysis and GMP- Good Production Practices in Viking Kağıt Plant were certified with Hygienic Product GC-MARK certificate.

In 2019, the quality studies of the Company are as follows:

- Inspections for existing FsC CoC certificate completed successfully.
- The ISEGA certificate, already existing for paper towels, has been renewed.
- TSEK certified Active Towel TSE certificate was renewed.
- Existing Smither Pira analysis for 100% deink white paper and mix quality white paper products were renewed. These analyses were also conducted for 100% brown papers and their convenience was approved.
- Domestic Goods certificate was obtained.

CUSTOMER ORIENTED APPROACH

Adopting customer orientation and satisfaction as the fundamental principle in its works, Viking Kağıt carries out satisfaction studies in order to increase its service quality. The Company gathers feedback from all areas from production processes to sales and distribution channels, reconstructs its business processes according to “Annual Business Partners Evaluation Questionnaires” and performs the required improvements and updates in its business plans.

Business Development and Investments

Viking Kağıt increased its productivity in production with the investments realized in 2019.

Acting based on the high level productivity principle at every stage for the efficient use of natural resources during the production in its facility, Viking Kağıt started to obtain the results of the works on efficient use of energy, raw materials and water in machine parks and production facilities. Positive contributions have been made to environmental and economic sustainability by applying ISO 50001 Energy Management System actively in all processes in order to increase efficiency in energy consumption.

ON GOING INVESTMENTS

While a total investment of 10.8 million TL was made in 2019, modernization and renovation works in the production lines were the focus of the Company`s investment plans.

665
SUPPLIERS

Powerful Collaboration with Suppliers

Considering its suppliers as business partners, Viking Kağıt shows the necessary diligence to establish long-term collaborations.

While the import of cellulose, which is the raw material of paper and not produced in Turkey, from the countries like Finland, Sweden, North America, Russia, Spain, Portugal, Brazil and Chili adversely affect the competitive power of the paper industry, Viking Kağıt, an environment and human oriented responsible manufacturer, contributes to the environment and the economy by using pulp obtained from scrap paper. It also supports the recycling industry and the sustainability.

Considering the long-term business collaborations as an undeniable part of its sustainable business model, the Company establishes long-term business collaborations with package and chemical substance suppliers with the basis of win-win. The Company selects its potential suppliers based on quality, delivery, price/performance criteria.

Viking Kağıt closely monitors latest developments in the sector and analyzes new chemicals, packaging designs and technical developments with its suppliers whom it considers as business partners. Production trials are attempted for those deemed appropriate as a result of the evaluations. With these activities, the aim is the efficient cost management in supply areas and optimization in operational costs.

SUSTAINABILITY AND QUALITY ASSURANCE AUDITS

Constantly monitoring the manufacturing, storage and loading conditions of the suppliers, the Viking Kağıt periodically audits whether or not the requirements of quality certificates and procedures are met. The Company, which priorities to work with suppliers who has BRC CP certificate and system management certificates such as quality and energy, still audits the firms without the certificate by overviewing the sustainability and product quality assurance matters within the framework of the BRC standards.

In order to avoid the recurrence of the quality problems encountered, Viking Kağıt applies DÖF (Corrective, Preventive Actions) monitoring system developed by the Company. Problems determined are shared with the suppliers and measures are taken to solve the problem and results are monitored with care. The supplier evaluations revised according to the risk-based model envisaged by the ISO 9001:2015 quality standard are carried out in 6-month periods, and it is aimed to share the evaluations with the suppliers and improve the supplier performance.

50+
DEALERS

Viking Kağıt Family

Maintaining its Human Resources Policies with the aim to improve its competitive power, Viking Kağıt increases its productivity by combining technological opportunities with human resources.

Implementing human resources policies with the belief that sustainable development will be ensured with effective and efficient human resources, Viking Kağıt improves the employment conditions for the new vacancies to be created within the company as well as supporting the development of its employees with trainings. By utilizing the technological developments in order to ensure the innovative and operational perfection, the Company uses online orientation and e-learning systems actively.

While the average number of employees was 208 in 2019, a total of 3,831 hours of training was provided by the Company to its employees on occupational safety, personal development and vocational training throughout the year.

In 2019, Viking Kağıt organized health seminars for all employees within the scope of "Gender Equality" projects. With the participation of female employees, photography training and workshop were carried out on "Women Employees through the Eyes of Women". These activities aim to increase employee satisfaction and support their development.

Viking Kağıt believes that peace in work place is a significant issue on the way going to social peace and the collective labor agreement executed with Turkey Cellulose Paper, Wood Products Employee Union (Cellulose Work) covers the period between 1 January 2018 and 31 December 2019.

Sustainable Environment Understanding

Viking Kağıt performs its liabilities related to protection of public health and nature by taking efficient measures in waste management for the sustainability of the environment and the society.

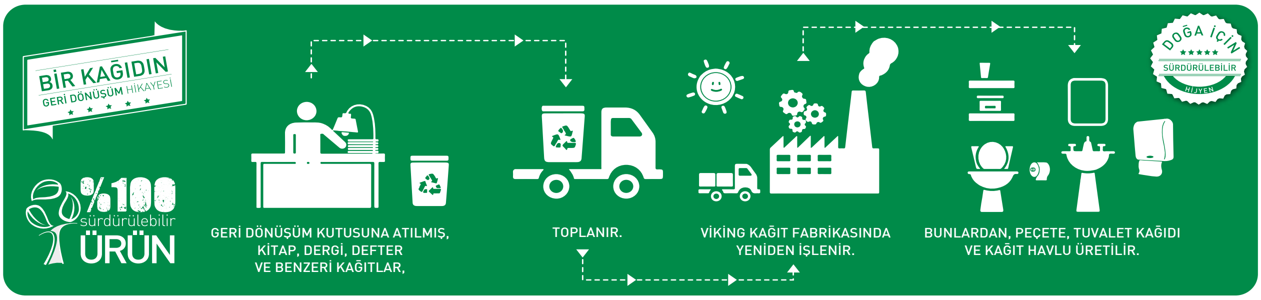
The Company, which fully complies with all the laws and regulations related to energy, work safety and health issues, applies methods decreasing source consumption and paying regard to the environment and human health in production. Discharging the water from its biologic treatment facilities under legal limits, this application is first in the sector with "Waste Management" principle, Viking Kağıt ensures the recycling or disposal of wastes created in the facility in compliance with laws.

Works carried out in 2019 with the sustainable environment understanding;

- In compliance with the requirements of Water Pollution Regulation, the quality of discharged water is controlled by taking samples and analyzing them at an accredited laboratory every 15 days.

- With the aim of reducing greenhouse gas emissions, the carbon footprint was reduced by 8% in 2019 compared to the 2010 base year. The greenhouse gas validation measurement approval were obtained after the inspections of T.R. Ministry of Environment and Urbanization under the frame of the greenhouse gas emissions validation regulation.

- Within the framework of the calculation of the water footprint in 2015, an 18% reduction has been achieved in 2019 compared to the 2015 base year.



- Viking Kağıt transforms the steam output into energy at its cogeneration facility and uses in production efficiently. In this way, the external sourced energy consumption is reduced.

- Viking Kağıt completed all the inspections performed by Provincial Directorate for Environment and Urbanization successfully in 2019.

- Within the scope of the project implemented jointly with ÇEVKO, 54% of the packaging materials (polyethylene, paper-cardboard) which the Company has launched to market in the year of 2019 has been regained to the economy.

PROOF FOR ENVIRONMENTALIST IDENTITY

FSC-CoC Management system, inspecting compliance with national and international standards, certifies the environmentalist ID of Viking Kağıt. Viking Kağıt was inspected by BM TRADA Certification Turkey in 2010 and became the first company who received FSC-CoC (Forest Stewardship Council- Chain of Custody) Management System Certificate among the Turkish paper-carton manufacturers. The validity of the certificate is maintained with the regular inspections conducted every year. The FSC-CoC Management System verifies that paper and paper products do not include any uncertified or uncontrolled materials in all manufacturing procedures, from the raw material phase to consumption, and confirms that the manufacturer offers eco-friendly products.

PRODUCTION CERTIFIED WITH INTERNATIONAL CERTIFICATES

By holding internationally recognized BRC and Hygienic Product GC MARK certificate upon the inspections performed by DQS, German certification institution, Viking Kağıt proved that it performs quality, safe and legal production throughout Europe. Viking Kağıt became the first company received this certificate which is given to industrial cleaning paper manufacturers in its sector in Turkey.

INTERNSHIP OPPORTUNITY FOR 39 STUDENTS

Corporate Social Responsibility

Viking Kağıt continues its social responsibility projects by focusing on human and environmental issues.

Viking Kağıt carried out social responsibility projects in different fields throughout the year to contribute to the creation of a social and developed society with high-awareness.

While providing scholarship to 8 students through Yaşar Eğitim ve Kültür Vakfı channel in 2019, Viking Kağıt also gave internship opportunity to 39 high school and university students under the frame of professional training. Together with Özel Sektör Gönüllüleri Derneği, the Company conducted the project of group coaching practice for 10th and 11th grade vocational high school students within the scope of "Vocational High School Coaches Program". Viking Kağıt employee coaches, who will meet with the same student group for at least 12 times for two years, plan to focus on different personal development issues at each meeting. In addition to supporting the socialization and development of young people, the Company aims to impact the lives of students as role models.

Viking Kağıt made cleaning paper grants to Yaşar Education and Culture Foundation Special Education Application Center at Güzelbahçe Yelki and Aliağa Disabled Students School and Turkish Education Volunteers Foundation Çiğli Education Park in 2019. Trees are planted on the name of Viking Kağıt employees via Aegean Forest Foundation every year within the scope of the corporate social responsibility.

Awards and Certificates

Viking Kağıt works with the belief that maintaining a high quality standard and moving it further will provide a significant advantage in the competition.

Certifying the standard it has achieved in manufacturing processes and product quality, Viking Kağıt successfully completed audits in 2019 while applying for new registrations in order to maintain a high level of quality and carry it further.

With the acquisition in 2016 of BRC CP certification, which helps manufacturers and retailers meet their legal obligations and complies with the ISO 9001:2015 standard, competitive advantage has been achieved in domestic and international markets. The BRC standard, created by the British Retailers Association/ British Retail Consortium (BRC) in order to contribute to the development of food safety and to create an internationally valid structure, is accepted by many countries around the world.

Viking Kağıt, which is "the first private sector company to receive ISO 9001 Quality Management System Certificate from an international audit firm", is within the scope of quality certificates":

- Received ISO 9001:1994 Quality Assurance System Certificate in **1997.**
- In **2003** updated the existing certification and transformed it into "ISO 9001:2000 Quality Management System Certificate which is based on "continuous development, measurement based decision making".
- Obtained ISO 9001:2008 Quality Management Certificate which is the latest version of ISO 9001 in **2009.**
- The Company successfully passed ISO 9001:2008 audits.
- In **2010**, it became the first company to receive the FSC-CoC Management System certificate among paper and cardboard manufacturers operating in Turkey.
- In **2012**, the suitability of Premia and Lily products for contact with foods was registered by the German ISEGA Institute.
- Received TSE certificate (Toilet Paper, Towel and Napkin, Z folding) in **2015.**
- Received TSEK certificate (Active Towel) in **2015.**
- In **2016,** Premia ve Lily became toilet paper brands are certified as being convenient for sensitive skin by German DERMATEST Research Institute.
- In **2016,** BRC CP and Hygienic Product GC MARK certificates were obtained.
- TSE 50001 Energy Management Certificate obtained in **2016,** and was renewed in 2018.
- In **2018,** Document Control System QDMS was taken into operation in order to manage all quality systems.
- In **2018,** inspections for existing FsC CoC certificate completed successfully.
- In **2018,** TSEK certified Active Towel TSE certificate was renewed.
- In **2018,** existing Smither Pira analysis for 100% deink white paper and mix quality white paper products were renewed. These analyses were also made for 100% brown papers and their convenience was approved.
- In **2018,** the Company successfully passed inspections and upgraded its quality standard with the ISO 9001:2015 version.
- In **2019,** inspections for all existing documents have been successfully passed and they were renewed.
- In **2019,** the Company successfully passed BRCCP inspections and renewed it as BRCCP Revision 4.
- Domestic Goods Certificate was obtained in **2019.**

Milestones

Viking Kağıt keeps its leading position in its industry for 50 years with the firsts brought, innovative products created and certificates received.

Innovative Steps

1969 • Viking Kağıt is established in İzmir's Aliağa township as Turkey's first privately-owned paper mill.

1971 • Viking Kağıt commences operations with an initial production capacity of 13,500 tons a year.

1982 • Viking Kağıt joins Yaşar Group and embarks upon a thorough-going modernization program.

1984 • Investments in new technology raise Viking Kağıt's production capacity to 20,250 tons/year.

1994 • Viking Kağıt goes public and is traded in the stock exchange.

1995 • The second major modernization program is completed.

1996 • In a major advance, Viking Kağıt enters the tissue paper sector.
• The "Lily" brand is introduced to consumers.
• "Senso" brand products go on the market.

1997 • Viking Kağıt received the title of "the first company to receive ISO 9001 Quality Management System Certificate" from an international company in the cleaning papers sector.
• The company's biological treatment plant is commissioned as the first of its kind in Turkey.

1998 • The "Select" brand of Viking Kağıt products for the AFH channel are introduced.

1999 • Completion of a second paper plant investment raises production capacity to 43,000 tons/year.

2000 • Viking Kağıt commissions the Turkish tissue paper industry's first de-inking plant for the treatment of recovered paper prior to recycling use.

2003 • Viking Kağıt's competitive strength is further boosted by a complete renewal of its tissue paper conversion plant.
• The Company's quality management system certification is upgraded to the ISO 9001:2000 standard.

2007 • The commissioning of a second roll product conversion line increases Viking Kağıt's production capacity in this group by 120%.

2008 • As a result of its energy conservation efforts, Viking Kağıt is designated a pilot facility in the "Increasing Energy Efficiency in Turkish Industry through Voluntary Agreements" Program initiated by the Ministry of Energy and Natural Resources.

2009 • Viking Kağıt upgrades its quality certification to the ISO 9001:2008 standard.

2010 • Viking Kağıt becomes the first Turkish paper and cardboard manufacturer to receive the Forest Stewardship Council Chain of Custody Management System Certification.
• The Company introduces consumers to its Pufla brand of products manufactured from recycled paper.

2012 • With the completion of a calendaring investment, the softness of Viking Kağıt products is greatly enhanced.
• Completion of a new jumbo-format machine investment increases production capacity in the AFH products channel.
• The "Premia" line of consumer products is introduced for the premium market segment.
• Premia and Lily-brand paper towels become the first in Turkey to be certified as food-contact-safe by ISEGA in Germany.

2013 • The Company begins calculating its carbon footprint.
• Both the Premia and Lily lines of toilet papers become the first in Turkey to be certified as being suitable for people with sensitive skin by DERMATEST in Germany.

2014 • DERMATEST certifies Viking Kağıt's Select line of toilet papers as being suitable for people with sensitive skin.

2015 • Viking Kağıt completes the first wave of investment for Paper Machinery modernization.

• Received TSE Certificate (Toilet Paper, Towel and Napkin, Z folding).

• Received TSEK Certificate (Active Towel).

2016 • BRC CP Certificate was obtained.

• HYGIENIC PRODUCT GC MARK is received.

• ISO 50001 Energy Management System Certificate is received.

2018 • Cogeneration investment and installation of a 3rd circular product line were realized.

2019 • Domestic Goods Certificate was obtained.

• The Company successfully passed BRC CP inspections and renewed it as BRC CP Revision 4.

Viking Kağıt Brings in Many "Firsts" in Turkey

- The first private-sector paper plant
- The first de-inking facility
- The first biological treatment facility
- The first cotton pulp-added toilet paper
- The first triple-ply toilet paper
- The first aloevera-added toilet paper
- The first perforated-sheet towels
- The first boxed napkins and towels
- The first private sector paper factory in the sector to be audited by a foreign-sourced audit firm and gain ISO 9001 certification.
- The first BRC CP and Hygienic Product GC Mark certificate in its sector.

CORPORATE GOVERNANCE PRACTICES AND FINANCIAL INFORMATION

BOARD OF DIRECTORS

İdil Yiğitbaşı - Chairperson

Graduated from Boğaziçi University Business Administration Department in 1986 and completed MBA in Indiana University in 1989. Having started her professional life in Yaşar Group at finance sector in 1986, İdil Yiğitbaşı held office as Vice Coordinator of System and Financial Analysis between 1990-1995, Yaşar Food Group Coordinator in 1995, Yaşar Food Group Vice Chairperson between 1997-2001 and Vice Chairperson responsible for Pınar Food Group Milk and Dairy products between 1 February 2001 - 31 January 2006 and Board Member at Group companies. She acted as Vice Chairperson of Yaşar Holding Board of Directors between 2003-2009, Chairperson of Yaşar Holding between 2009-2015. İdil Yiğitbaşı continues her office as Vice Chairperson of the Board of Yaşar Holding since April 2015, Vice Chairperson of the Board of Hedef Ziraat, Chairperson of the Board at Pınar Süt ve Viking Kağıt companies and Board Member at Yaşar Group companies. İdil Yiğitbaşı is Vice Chairperson of Selçuk Yaşar Sports and Education Foundation, Board Member of Yaşar Education and Cultural Foundation, Pınar Institute Chairperson of the Board, Member of Foreign Economic Relations Board (DEIK), Board Member of Izmir Culture, Art and Education foundation (İKSEV), Board Member of Turkish Industrialists and Businessmen Association (TÜSİAD), Consultation Committee Member of Turkish Milk, Meat, Food ındustrialists and Producers Union Association (SETBİR), Aegean Industrialists and Businessmen Association (ESİAD), Aegean Young Businessmen Association (EGİAD), Association of Advertisers (RVD) and Turkish Corporate Management Association (TKYD).

Mustafa Selim Yaşar - Vice Chairperson

Graduated from Paris-Académie Arqueille Sorbonne in 1976, the New York University in 1980 and from the Pace University Business Administration-Finance Department in New York in 1981, Mustafa Selim Yaşar started his career at Yaşar Dış Ticaret A.Ş. in the same year. After working in Yaşar Dış Ticaret A.Ş. in various positions for 8 years, he served as CFO in Yaşar Holding A.Ş. between 1988 and 1996; moreover, he served as President of Coatings-Chemistry and Beverage Group in the same years. Mustafa Selim Yaşar held office as Chairperson of Board of Directors of Otak-Desa A.Ş. ve Desa Enerji A.Ş. between 1997-2000. Acting as Izmir Teknopark A.Ş., BDS İş Geliştirme Ltd. Şti. and Yüzey İnşaat Taahhüt A.Ş. since 2000, Mustafa Selim Yaşar served as Board Member, Board Chairperson and President of Assembly of the Aegean Region Chamber of Industry (ESIAD) from 1991 until 1997 and served as Vice Chairperson of Aegean Industrialists and Businessmen Association, of which he is a founding member, for 4 years. Having functioned as Deputy Chairperson of Izmir Metropolitan Municipality Council and as a member of Karşıyaka Municipal Council from 2004 to 2009, Mustafa Selim Yaşar currently serves actively at a number of non-governmental organizations. Acting as Chairperson of Board of Directors of Desa Enerji A.Ş., Dyo Boya A.Ş. and Yaşar Birleşik Pazarlama A.Ş. since March 2014, Mustafa Selim Yaşar also holds office as Chairperson of Board of Directors of Yaşar Dış Ticaret A.Ş. and Yaşar Holding A.Ş since March 2015.

Emine Feyhan Yaşar - Member

Feyhan Yaşar started his business career in 1978 as a Human Resources Specialist at DYO which is one of Yaşar Group companies. Later, Feyhan Yaşar served as the Personnel Relations Coordinator of Yaşar Group and took office in various positions in the fields of finance and management, mainly tourism. She then took office as Chairman of the Board of Directors of Yaşar Holding between 2004 and 2009 after Selçuk Yaşar, the founder of Yaşar Group, became the Honorary Chairman. Feyhan Yaşar currently serves as Vice Chairman of the Board of Directors of Yaşar Holding and Hedef Ziraat, while serving as Chairman of the Board of Directors of Pınar Et, Pınar Su, Altın Yunus Çeşme, Yaşar Bilgi, Yadex International, HDF FZCO and HADAF Foods, which are companies of Yaşar Group, and holds offices on the boards of Directors of other Group companies. In addition to her business career, Feyhan Yaşar, taking active part in many non-governmental organizations which support to te development of society in education, culture and sports fields, is the Vice Chairman of Yaşar Education and Culture Foundtion Administrative Council, Member of Board of Directors of Selçuk Yaşar Sports and Education Foundation and Member of Board of Trustees of Yaşar University. Feyhan Yaşar, who has been a Member of the Board of Directors of TÜSIAD and Chairman of the Danish Business Council (DEIK) over the years, has participated in the annual DAVOS meetings with her membership of the World Economic Forum (WEF). She is currently a member Turkish Union of Chambers and Exchange Commodities TOBB), Chairman of Beverages Industry Commission, Member of Business Council Execution Board of Foreign Economic Relationships Board (DEIK) in United Arabic Emirates, member of EBSO Council, MEmber of SEV Board of Trustees, Member of Boğaziçi University Foundation Board of Trustees, and also member of TUSIAD, SETBIR and ESIAD. Feyhan Yaşar has been providing individual support to the excavations of the Ancient City of Teos in Seferihisar, Izmir, carried out by T.R. Ministry of Culture and Tourism since 2011. Feyhan Yaşar is Honorary Izmir Consul of Luxembourg since 2014. After American Girls College in Izmir, Feyhan Yaşar completed her undergraduate studies at Boğaziçi University, Faculty of Administrative Sciences, Department of Business Administration, and her master's degree in Economics Major at Dokuz Eylul University. Feyhan Yaşar speaks English and French, and is mother of two children.

BOARD OF DIRECTORS

Yılmaz Attila - Independent Member

Yılmaz Attila graduated from Ege University, Faculty of Agriculture, Department of Agricultural Tools and Machinery in 1976. Yılmaz Attila, who worked as research assistant in Çukurova and Aegean Universities between 1977-1981, held office as project engineer at Göktepe Plastik A.Ş. and Beşikçioğlu Ltd. Yılmaz Attila, who joined Pınar Entegre Et ve Bağımsız Sanayi A.Ş. as Feed Factory Manager in 1985, held the office of Vice General Manager between 1988-1990. He held office of General Manager at respectively Cevher Jant ve Motor Ticaret A.Ş. and Abalıoğlu Yem Sanayi A.Ş. between 1990-1994. He took various positions as General Manager, Member of Board and Executive Committee at Kipa Kitle Pazarlama Ticaret ve Gıda Sanayi A.Ş. and Tesco Kipa Kitle Pazarlama Ticaret ve Gıda Sanayi A.Ş. betweem 1994-2010. Yılmaz Attila serves on the board of Directors of some companies within Yaşar Group.

Feyzi Onur Koca - Independent Member

Feyzi Onur Koca graduated from Boğaziçi University, Department of Electrical Engineering and completed the MBA program at Istanbul University In 1982. He also completed the “International Systemic Training and Consulting” program at LIMAK International Management Academy in Austria in 2005. Feyzi Onur Koca held office as General Manager and Europe Director for 10 years at Jotun Boya ve Toz Boya Sanayi ve Ticaret A.Ş. during years 1991-200, and at Lanark Resources Ltd. which is a founding partner during 2002-2004 and worked as International Sales Coordinator at Capex Industries Istanbul office during the same period. Feyzi Onur Koca held office as COO at London Touch Group Plc. during March 2005 - September 2005. He worked as General Manager at Parker İklim Kontrol Sistemleri A.Ş. between 2005-2012, as CEO and Country Manager at G4S Güvenlik Hizmetleri A.Ş. between2012-2017. He is a trustee member of Boğaziçi University Foundation (BUVAK), Lokman Hekim Health Foundtion and Bornova Anatolian High School Foundation and a member of Corporate Governance Association of Turkey (TKYD). Feyzi Onur Koca serves on the board of Directors of some companies within Yaşar Group.

Yılmaz Gökoğlu - Member

Yılmaz Gökoğlu has a bachelor’s degree from Ankara University Faculty of Political Sciences Economics-Finance Departmentin 1977, served as an Account Expert at the Ministry of Finance from 1978 to 1982 and joined Yaşar Group in 1983. Working various senior management positions in the group especially in financial operations and inspection fields, Yılmaz Gökoğlu waselected as a member of Yaşar Holding Board of Directors in April 2007. Acting as General Secretary of Board of Directors in Yaşar Holding, Yılmaz Gökoğlu also serves as Member of Board of Directors in companies included in the Group, and also has licenses of Independent Auditor and Certified Public Accountant.

Cengiz Erol - Member

Cengiz Erol had his bachelor’s degree in Business Administration from Ege University in 1974, his master’s degree in finance and accounting from the State University of New York (SUNY) in 1979 and his doctorate degree in International Trade and Finance from State of New York University in 1983. Erol worked as an Assistant Professor of Finance at Çukurova University from 1983 to 1985, as Associate Professor of Finance at Yarmouk University in Jordan from 1985 to 1990 and in the Department of Business Administration at the Middle East Technical University (METU) from 1990 to 1993, and as Professor of Finance in Middle East Technical University from 1993 to 2010. He was an Advisor to the CEO of Ereğli Demir Çelik Fabrikaları A.Ş. between 1991 and 1994, Board Member at Ankara Sigorta and Chairperson at Ankara Emeklilik Sigorta between 2000 and 2003, advisor to the Board of Directors at İnterfarma Tıbb. Mal. A.Ş. from 2002 to 2004, Board Member at İnterfarma Tıbb. Mal. A.Ş. from 2004 to 2008, Head of the Department of Business Administration at METU from 2008 to 2010 and worked as Assistant to President of METU and Member of Executive Board of Student Assessment, Selection and Placement Center (ÖSYM). After holding the office as the Head of the Department of International Trade and Finance at Izmir University of Economics from 2011 to 2013, Erol served as faculty member in the same department and the Manager of the Institute of Social Sciences from 2010 to 2015. Cengiz Erol, who has served on the boards of Directors of companies within Yaşar Group since March 2014, has also been a faculty member at Yaşar University since 2017.

Members of the Board of Directors of our company, which is affiliated to Yaşar Group, may hold seats on the boards of directors of other Group companies, and there may be various transactions by and between these companies that may be considered under the scope of Article 395/1 of the Turkish Commercial Code. However, the parties to such transactions are Group companies only, and necessary permissions are obtained at the general assembly meeting of each relevant company.

RISK MANAGEMENT, INTERNAL CONTROL SYSTEM AND INTERNAL AUDIT ACTIVITIES

RISK MANAGEMENT

The scope, working principles and procedures applicable to the Corporate Risk Management activities carried out at Yaşar Group companies were formulated in accordance with the Regulations. In this context, under which conditions should the risk management activities be carried out, the duties and responsibilities related to risk management, processes, reports, confidence procedures and risk management terminology have been established.

The "Corporate Risk Management" in the Company is being applied as a systematic process where risks are defined, analyzed, controlled and monitored. This method ensures minimizing the costs incurred in relation to contingencies that result negatively, as well as their impact upon the value of Group companies' assets.

Risk Management Policy

Adhering to risk management strategies to minimize the probability and impact of risks that may affect not just the shareholders but all the stakeholders of Group companies, Yaşar Holding Board of Directors also controls and follows up the required actions.

Works of Early Detection of Risk Committee

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

It creates risk inventory prioritized in line with risk management policies and procedures, and the works to carry out corporate risk management by the committee in order to follow up the results upon determining appropriate risk strategies and taking required actions, and required guidance is made.

Future Risks Regarding Sales, Productivity, Income Generation Capacity, Profitability, Debt/Equity Ratio and Similar Matters

Under the risk management policy and procedures adopted by Yaşar Holding companies, works are underway to create the risk inventory for all company activities and take necessary actions.

Along the line, the risks suffered by the Company are

- Classified under the headings of strategic, operational, financial, external and compliance risks, and analyzed according to their impact and probability,
- Existing controls for significant risks are reviewed with respect to their design and implementation, and the most appropriate strategies and actions are identified,
- Results of the actions are followed up, and
- Findings and likely developments are reported to appropriate units for assessment.

INTERNAL CONTROL SYSTEM AND INTERNAL AUDIT ACTIVITIES

Implementations aimed at eliminating events that will adversely affect the achievement of the Group companies' goals, or at mitigating their impact and probability are reviewed under "controls". An internal control system composed of the definitions of standards for business processes, policies and procedures, job descriptions, and authorization structures is implemented. The management sets up control systems, including those that prevent/identify and improve, for efficient and productive conduct of the Group companies' businesses.

The internal control systems established at the Group companies are intended to ensure the efficiency and effectiveness of operations, reliability of the financial reporting system, compliance with legal regulations, and provide assurance in these aspects. The said control systems also protect the Group companies' assets, reputation and profitability.

The accounting system of the Company, the public disclosure of financial information, independent auditing and survey of partnerships' internal control system and its activities are conducted through the Audit Committee set up by the Company's Board of Directors. While carrying out the said function, the Audit Committee benefits from findings of corporations conducting confirmation under Group Audit Directorate, Independent Audit and Certified Public Accountant.

Under the internal auditing activities; effectiveness of Company's current risk management system, sufficiency, effectiveness and productivity of internal audit system are assessed and recommendations are made to improve them. Also, determination and application of required actions for detections and suggestions in this respect are closely monitored.

LEGAL DISCLOSURES

Information on the Extraordinary General Assembly Meetings within the Year, If Applicable
Resolutions taken in the Ordinary General Assembly meeting held on 27 March 2019 were applied. No Extraordinary General Assembly Meeting was held on within the year 2019.

Affiliated Companies Report
The conclusion part of the report that is prepared by the Company's Board of Directors, on relations with the controlling company and affiliated companies pursuant to Article 199 of the Turkish Commercial Code, is quoted below.

Pursuant to Article 199 of the Turkish Commercial Code no. 6102 that went into force on 1 July 2012, within the first three months of the current operating year the Company's Board of Directors is obliged to issue a report on the Company's relations with the controlling company and the companies affiliated to the controlling company during the past operating year, and to incorporate the conclusion part of the said report in its annual report.

Necessary disclosures on the transactions our company carried out with the associated parties are covered in the present report. In this report prepared by the Company's Board of Directors concluded that in all transactions the Company carried out during 2019 with its controlling company or with its affiliates, an appropriate counter-performance was provided in each transaction according to the conditions and state known to us at the time the transaction and/or the action was realized or taken or avoided to be taken; that there were no actions taken or avoided which might potentially cause loss to the Company, and that there are no transactions or actions that would require equalization within this scope.

Donations and Grants
The Company may donate to foundations and such other persons and/or institutions established for carious purposes in line with limitations set forth by Capital Markets Law and other relevant regulations.

In 2019, the company donated TL 60,981 to various institutions and organizations.

Disclosure on Lawsuits Filed Against The Company with a Potential Impact on The Company's Financial Standing and Activities and Possible Results
Disclosure on the matter is stated in footnote 17 of our financial statements issued for the period of 01.01.2019 - 31.12.2019.

Disclosure of Administrative or Judicial Sanctions against the Company or the Members of the Governing Body on Account of Practices Violating the Provisions of Legislation
There are no administrative or judicial sanctions imposed against the Company or the members of the governing body on account of any practice violating the provisions of legislation.

Amendments of Articles of Association Made During the Year
Due to head office address change of the Company, article 4 of the Company's articles of association titled "Company's Head Office and Branches" was amended as "Yalı Mah. Hürriyet Cad. No.474 Aliağa/IZMIR".

Since the name of Ministry of Customs and Trade was changed as Ministry of Trade in accordance with Statutory Law no: 703, article 19 of the Company's articles of association titled "Amendment of Articles of Association" was amended.

Financial Rights Provided to the Members of the Board of Directors and Senior Executives
Financial rights provided to Chairperson and Board Members are determined under wages policy stated in our web site. In the twelve months period that ended on 31.12.2019, remuneration and similar payments made to the members of the Board of Directors and senior executives amounted to TL 1,351,637.

Disclosures Concerning Special Audit and Public Audit Conducted During the Fiscal Year
Ordinary audits were conducted by various public institutions during 2019 and there is no significant notice given to us officially.

Disclosure about the Company's Shareholders' Equity
As of 31.12.2019, no capital loss is observed in the balance sheet prepared under the scope of Turkish Commercial Code No: 376/3 against the issued capital of the Company amounting to TL 42,000,000.

Voting Rights and Minority Rights
There is no privilege on the voting rights. The Company's articles of incorporation contain no provisions preventing non-shareholders to vote by proxy as an appointed representative. Without prejudice to the special provisions of the relevant legislation and articles of incorporation, voting is conducted through open ballot and by raising hands during the General Assembly meeting. Upon request by shareholders, the voting procedure will be determined by the General Assembly meeting. There are no other companies in which the Company has a cross-ownership. Minority rights are not represented on the Board of Directors. The articles of incorporation do not set minority rights to be less than one twentieth of the capital.

Operating Principles of Activity of the Board of Directors
Operating principles of the Board of Directors was arranged under Article 12 of the Articles of Association. Accordingly, the Board of Directors shall convene as required by the company's business. The decisions of the board of directors are taken by absolute majority system. If the board meets with the majority of the number of members, decisions must be taken with the unanimous vote which constitutes the majority of the total number of members. The operating principles of the Board of Directors and details of the operating period of 2019 are as follows:

The Board of Directors has met 48 times during the reporting period. The Board of Directors shall convene upon a summons in the form of a written request made by its chairperson or by any director. Before the meeting, the meeting agenda is sent to the members and the meeting invitation is made. Meetings are usually attended by all members. Damages which may be caused to the company by the faults of Board Members during their tasks are insured to cover 25% of the capital.

Number, Structure and Independence of the Committees Established under the Board of Directors
The Audit Committee, the Corporate Governance Committee and the Early Detection of Risk Committee have been formed in our company.

The Corporate Governance Committee fulfills the duties of the Nomination Committee and the Remuneration Committee. When performing their activities, the committees under the Board of Directors adhere to the operating principles that are posted also on the Company website.

The Audit Committee is headed by Feyzi Onur Koca and its other member is Yılmaz Attila. Both members are non-executive and independent Board directors. The Audit Committee meets at least on a quarterly basis and holds at least four meetings in one year. Within the scope of the Committee's activities, information has been obtained on operations and internal control systems from company executives and findings related to the audit from independent auditors. The committee supervises the functioning and effectiveness of the company's accounting system, public disclosure of financial information, independent audit and internal control system. It also oversees the selection of the independent audit provider, start of independent audit process and works of the independent audit provider. It notifies the Board of Directors on integrity and accuracy of the annual and interim financial tables which will be publicly disclosed.

Corporate Governance Committee Chairperson is non-executive independent board member Yılmaz Attila, Committee Members are non-executive board members Cengiz Erol and Yılmaz Gökoğlu and Investor Relations Department Manager is Süleyman Sezer.

Corporate Governance Committee meets at least on a quarterly basis and holds at least four meetings in one year. The Corporate Governance Committee establishes whether the Corporate Governance Principles are implemented at the Company, the grounds for non-implementation, if applicable, and the conflicts of interest arising from failure

LEGAL DISCLOSURES

to fully comply with these principles. Corporate Governance Committee oversees the activities of the investor relations Department.

The Corporate Governance Committee determines the suggestions of Board Members and senior executives regarding renumeration policies considering the long term aims of the company within the scope of duties of the Nomination Committee. In addition, the Committee evaluates the nominations for independent Board membership including the management and shareholders, taking into consideration whether the candidate bears the independence criteria or not, and presents its relevant assessment to the Board of Directors for approval.

Within the scope of the duties of the Remuneration Committee, the Corporate Governance Committee formulates its proposals regarding the principles for compensating the Board directors and senior executives, in view of the long-term goals of the company. The Early Detection of Risks Committee is responsible for early detection of risks that may endanger the existence, development and continuity of the company, taking the necessary measures and managing the risk. The Committee is headed by Feyzi Onur Koca, a non-executive and independent board member, and its members are Yılmaz Gökoğlu and Cengiz Erol, who are non-executive board members.

According to the Corporate Governance Principles, two members of the Audit Committee and the Early Detection of Risk Committee and the head of Corporate Governance Committee should be independent board members. The Manager of the Investor Relations Department was assigned as a member to the Corporate Governance Committee by the Board of Directors. Since there are two independent members on the Company's Board of Directors, the same member serves on more than one committee under the Board of Directors.

Upon assessment held by Company's Board of Directors, it was determined that all committees of the company are formed in accordance with the legislation, activities were effectively conducted in line with working principles created before and published in the Company's website, periodically enough number of meetings was held during the year and as a result of such meetings; the Audit Committee provided efficiency of auditing company's accounting system and financial details and disclosing them to public and submitted their views, suggestions about this matter to board of directors regularly, that Corporate Audit Committee concluded determinations on strengthening the compliance to Corporate Management Principles and submitted to board of directors with their recommendations, that Early Detection of Risk Committee reviewed early warning systems and models for risks and determined risks.

Profit Distribution Policy

The profit distribution policy for 2013 and subsequent years prepared in accordance with the Capital Market Regulations of Viking Kağıt ve Selüloz A.Ş. has been submitted to the General Assembly of 2013 for approval and has been publicly disclosed. The said information is available at Company's corporate website (www.viking.com.tr) in Turkish and English on the investor relations page.

Access to KYBF and URF Contact Addresses

The Company's Corporate Governance Compliance Report (URF), Corporate Governance Information Form (KYBF), and the Corporate Governance Compliance Report (URF), for 2019, prepared as per the decision of CMB dated 10.01.2019 and no: 2/49 are disclosed to public on corporate website of Public Disclosure Platform (KAP) (www. kap.gov.tr).

AGENDA

VİKİNG KAĞIT VE SELÜLOZ A.Ş.
ORDINARY GENERAL ASSEMBLY AGENDA FOR 2019, DATED 26 MARCH 2020

1. Opening and Election of Meeting's Chairman,

2. Authorizing the Chairman to sign the minutes of General Assembly Meeting,

3. Reading, negotiations and approving the Annual Report for 2019 prepared by the Company's Board of Directors

4. Reading and negotiating the Independent Audit Report for 2019 fiscal year,

5. Reading, discussion and approval of 2019 Financial Statements,

6. Acquitting the Company's directors of their fiduciary responsibilities for 2019 operations,

7. Laying down the Independent Audit Firm designated by the Board of Directors for the approval of the General Assembly Pursuant to the Turkish Commercial Code and the Capital Markets Board requirements,

8. Determining the number of Board directors and their terms of office; making elections in accordance with the number of Board directors so determined; designating independent Board members,

9. Determining the rights provided to the Board directors such as compensation and attendance fees, bonuses and premiums pursuant to Article 408 of the Turkish Commercial Code,

10. Informing shareholders, pursuant to Article 12 of the Corporate Governance Communiqué no. II-17.1 issued by the Capital Markets Board, about guarantees, pledges, mortgages and sureties that have been granted by the Company in favor of third parties and about any income and benefits that may have been derived,

11. Informing shareholders about any donations that were made during the year and laying down the donation limit set under the Capital Market legislation for the approval of the General Assembly,

12. Deliberating and voting on matters pertaining to the year's profits,

13. Authorizing the Company directors to engage in the transactions as per Articles 395 and 396 of the Turkish Commercial Code,

14. Wishes and opinions, closing.

STATEMENT OF INDEPENDENCE

26.03.2019

As a candidate for independent member for the Board of Director of VİKİNG KAĞIT VE SELÜLOZ A.Ş. ("The Company"), I declare that;

- I or my spouse or my up-to-second-degree relatives have not been employed in managing positions involving significant tasks and responsibilities in the last five years by the Company, other companies which are managed or significantly influenced by the Company or shareholders who manage or significantly influence the Company and legal persons managed or significantly influenced by such shareholders and I or my spouse or my up-to-second-degree relatives do not individually or collectively own more than 5% of its capital or voting rights or preferred shares and have not been engaged in major commercial activity with them,

- I have not been a shareholder (5% or more), manager with significant tasks and responsibilities or board member of companies which have provided significant services or products for or purchased them from the Company within the scope of agreements in the last five years including auditing (including tax audit, legal audit or internal audit), rating or consultancy services,

- I have the professional education, knowledge and skills required to fulfill the requirements of the tasks which will be assigned to me as an independent board member,

- Except for academicians and provided that it is in accordance with the related legislation, I am not working full-time at public institutions,

- I am resident in Turkey as per the Income Tax Law 193 dated 31/12/1960,

- I possess solid ethic standards, professional reputation and experience which will allow me to make contributions to the Company, maintain its objectivity regarding any conflicts between the Company and its shareholders and make unbiased decisions considering the interests of the beneficiaries,

- I am capable of allocating time for the Company which will allow getting sufficiently engaged in company business and fulfillthe requirements of assigned tasks,

- I have not been a board member for more than six years in the last ten years,

- I do not hold the position of independent board member at more than three companies managed by the Company or the shareholders managing the Company or more than five stock-exchange-quoted companies,

- I am not registered and announced as a board member on behalf of the selected legal person,

and therefore I will serve at the board of directors of the company as an independent member.

Best Regards,

Yılmaz ATTİLA

STATEMENT OF INDEPENDENCE

26.03.2019

As a candidate for independent member for the Board of Director of VİKİNG KAĞIT VE SELÜLOZ A.Ş. ("The Company"), I declare that;

- I or my spouse or my up-to-second-degree relatives have not been employed in managing positions involving significant tasks and responsibilities in the last five years by the Company, other companies which are managed or significantly influenced by the Company or shareholders who manage or significantly influence the Company and legal persons managed or significantly influenced by such shareholders and I or my spouse or my up-to-second-degree relatives do not individually or collectively own more than 5% of its capital or voting rights or preferred shares and have not been engaged in major commercial activity with them,

- I have not been a shareholder (5% or more), manager with significant tasks and responsibilities or board member of companies which have provided significant services or products for or purchased them from the Company within the scope of agreements in the last five years including auditing (including tax audit, legal audit or internal audit), rating or consultancy services,

- I have the professional education, knowledge and skills required to fulfill the requirements of the tasks which will be assigned to me as an independent board member,

- Except for academicians and provided that it is in accordance with the related legislation, I am not working full-time at public institutions,

- I am resident in Turkey as per the Income Tax Law 193 dated 31/12/1960,

- I possess solid ethic standards, professional reputation and experience which will allow me to make contributions to the Company, maintain its objectivity regarding any conflicts between the Company and its shareholders and make unbiased decisions considering the interests of the beneficiaries,

- I am capable of allocating time for the Company which will allow getting sufficiently engaged in company business and fulfill the requirements of assigned tasks,

- I have not been a board member for more than six years in the last ten years,

- I do not hold the position of independent board member at more than three companies managed by the Company or the shareholders managing the Company or more than five stock-exchange-quoted companies,

- I am not registered and announced as a board member on behalf of the selected legal person,

and therefore I will serve at the board of directors of the company as an independent member.

Best Regards,

Feyzi Onur KOCA

STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

VİKİNG KAĞIT VE SELÜLOZ A.Ş.
STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

a) During the operating period ended 31 December 2019, VİKİNG KAĞIT VE SELÜLOZ A.Ş. ("the Company") achieved compliance with the entirety of the mandatory articles of the Corporate Governance Principles appended to the "Communiqué No: II.17.1 on Corporate Governance (" the Communiqué ") issued by the Capital Markets Board of Turkey (CMB).

b) Our Company spends maximum effort to achieve full compliance also with the non-compulsory Corporate Governance Principles. Justifications for currently non-implemented non-compulsory principles are presented herein below, and it is considered that the said matters do not lead to any major conflicts of interest under the current circumstances.

The explanations to be made by our company in accordance with Article 8 of the Corporate Governance Communiqué on corporate governance principles which have not yet been complied with and which are not mandatory are presented below with required explanations:

1.3.11 in the articles of association of our company, there is no article regarding the participation of stakeholders and the media in the General Assembly. Officers of independent auditing firms and officers of corporate governance grading institutions also participate in our General Assembly meetings and no request for participation from the stakeholders or the media has reached to our company.

1.5.2 In parallel with general practices, rights were granted to the minority within the framework of the provisions of general regulations. The company's capital structure and public disclosure ratio is expected to continue in this manner.

4.3.9 There has been no policy for the proportion of female members in the board of directors, but there is currently 2 female member in the board of directors.

4.4.7 The board members of our company are not limited for taking other duties outside the company and the duties of the board members are presented to the shareholders for information by including in the annual report.

4.5.5 Since there are two independent members in the company's board of directors, it is impossible for a board member to take part in only one
Committee.

4.6.1 There is no performance evaluation system for the board of directors.

4.6.5 In line with general practices, salaries paid to board members and managers with administrative responsibility are disclosed in the annual activity report collectively.

Our company will continue to monitor the changes in legislation and implementations regarding compliance with the principles and to carry out the necessary work also in the future.

STATEMENT OF RESPONSIBILITY

STATEMENT OF RESPONSIBILITY ISSUED AS PER ARTICLE 9 OF CAPITAL MARKET BOARD-COMMUNIQUÉ ON PRINCIPALS OF FINANCIAL STATEMENTS IN CAPITAL MARKET NUMBERED II-14.1

We declare that according to “Principles Notice Relating Financial Reporting in Capital Market” notice of Capital Market Board (CMB) with no II-14.1, statement of financial position, comprehensive income statement, cash flow statement and statement of changes in equity as well as activity report of board of directors along with the footnotes prepared in accordance with the formats stated by Turkish Accounting Standards/Turkish Financial Reporting Standards (TMS/TFRS) and CMB, prepared by our company, subjected to independent supervision by independent auditing and accepted with the Decision of Board of Directors of Viking Kağıt ve Selüloz A.Ş. dated March 2, 2020 and no 2020/9, belonging to financial year of 01.01.2019 - 31.12.2019;

1. Have been examined by our party

2. Do not contain any deficiency which may result in any misleading situation as of the date when an explanation against the truth in important matters are made within the information which we have within our area of duty and liability in our company,

3. Within the framework of information we have on our duties and responsibilities in our company, the financial statements prepared in accordance with the communiqué reflect the true information on active and passive assets, financial status, profit and loss of the enterprise and our activity report honestly reflects the development and performance of work and financial status of the enterprise, including the significant risks and uncertainties,

In accordance with the CMB’s decision dated 10.01.2019 No. 2/49, the Corporate Governance Compliance Report (“URF”) prepared for the fiscal period 01.01.2019 - 31.12.2019 and the Corporate Governance Information Form (“KYBF”) were examined by us and that these reports were prepared in accordance with the procedures and principles specified in the Corporate Governance Communiqué of CMB no: II-17.1 as well as in the decisions taken,

So we declare.

Best Regards,

VİKİNG KAĞIT VE SELÜLOZ A.Ş.

Feyzi Onur KOCA
Head of Audit Committee

Yılmaz ATTİLA
Audit Committee Member

Ahmet Abdullah AKÇASIZ
General Manager

pwc

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 Viking Kağıt ve Selüloz A.Ş.

1. Opinion

We have audited the annual report of Viking Kağıt ve Selüloz A.Ş. (the "Company") for the 1 January - 31 December 2019 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 2 March 2020 on the full set financial statements for the 1 January - 31 December 2019 period.

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4. Emphasis of matter

The financial statements of the Company was prepared in accordance with the going concern basis. Furthermore, As of 31 December 2019, the Company's short-term liabilities exceeded its total current assets by TL120,237,610 while the net period loss for the year ending as of 31 December 2019 was TL33,522,723 and as of this date the accumulated losses were TL110,356,606. Moreover, based on the assessment made within the scope of Article 376 of the Turkish Commercial Code ("TCC") and the relevant regulations of the Capital Markets Board, two thirds of the total capital and legal reserves remained non-reciprocal due to loss. These matters indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Company to continue as a going concern. Accordingly, the Company management disclosed the management plans in Note 36 and Yaşar Holding A.Ş. undertook to provide the Company with the necessary resources and support to strengthen the financial structure, avoid any difficulties in paying its existing commercial and non-commercial debts and make its payments on time. These do not affect the opinion given by us.

5. 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.

6. 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.

Mehmet Karakurt, SMMM
Partner

İstanbul, 2 March 2020

VİKİNG KAĞIT VE SELÜLOZ A.Ş.

FINANCIAL STATEMENTS
AT 1 JANUARY - 31 DECEMBER 2019
TOGETHER WITH INDEPENDENT AUDITOR’S REPORT

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

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

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Viking Kağıt ve Selüloz A.Ş.

A. Audit of the financial statements

1. Our opinion

We have audited the accompanying financial statements of Viking Kağıt ve Selüloz A.Ş. (the "Company") which comprise the statement of financial position as at 31 December 2019, 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 2019, 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. Emphasis of matter

We draw attention to Note 2.6 to these financial statements, which states that the financial statements of the Company was prepared in accordance with the going concern basis. As of 31 December 2019, the Company's short-term liabilities exceeded its total current assets by TL120,237,610 while the net period loss for the year ending as of 31 December 2019 was TL33,522,723 and as of this date the accumulated losses were TL110,356,606. Moreover, based on the assessment made within the scope of Article 376 of the Turkish Commercial Code ("TCC") and the relevant regulations of the Capital Markets Board, two thirds of the total capital and legal reserves remained non-reciprocal due to loss. These matters indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Company to continue as a going concern. Accordingly, the Company management disclosed the management plans in Note 36 and Yaşar Holding A.Ş. undertook to provide the Company with the necessary resources and support to strengthen the financial structure, avoid any difficulties in paying its existing commercial and non-commercial debts and make its payments on time. These do not affect the opinion given by us.

4. 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. In addition to the matter described in the Emphasis of Matter section we have determined the matters described below to be the key audit matters to be communicated in our report.

<table>
<tr><th>Key Audit Matters</th><th>How the key audit matter was addressed in the audit</th></tr>
<tr><td>Fair value measurement of land and land improvements and buildings (Refer to Notes 2.5.6 and 11)

In accordance with TAS 36, “Property, plant and equipment”, land and land improvements and buildings are carried at fair value on the financial statements.

The fair value gain before tax amounting to TL 13,226,096 was appraised by the independent professional valuers at 31 December 2019. The fair value gain was recognised as revaluation reserve in equity, net of applicable deferred income tax in the financial position.

This was a key audit matter since the total amount of the land and land improvements and buildings as of 31 December 2019 has a significant share in the assets of the Company and these valuations include estimations and assumptions that are sensitive to discount rates, the location and zoning status, benchmark prices per m^2, and the construction costs per m^2 .</td><td>The following audit procedures were addressed in our audit work for the fair value measurement of land and land improvements and buildings:

• We assessed in accordance with relevant audit standards that the competency, capability and objectivity of the independent professional valuers who were appointed by the Company management.

• We checked and agreed the completeness and reconcile the input data in terms of m^2, location and zoning status, used by the independent professional valuers who were appointed by the Company management, on a sample basis, with the Company’s records. In addition to that certain estimates and assumptions such as the discount rates, market reference prices per m^2 and construction costs per m2 were assessed with the help of the external auditor expert.

• In accordance with the provisions of “ISA 620: Use of Work of Expert” standard, we got our external auditor expert involved on a sample basis to evaluate the assumptions and methods used by the Company management and the independent professional valuers who were appointed by the Company management.

• The compliance of the disclosures of fair value determination of land and land improvements and buildings in the financial statements in accordance with the relevant financial reporting standards were evaluated.</td></tr>
</table>

Key Audit Matters	How the key audit matter was addressed in the audit
Recoverability of trade receivables (Refer to Note 7) Trade receivables amounting to TL 35,727,359 from non-related parties as of 31 December 2019 are material to the financial statements. The Company management considers the guarantees received from its customers, past collection performance, credibility of customers, maturity analysis and disputes or claims related to receivables when evaluating recoverability. The determination of doubtful receivables together with the respective provisions includes Company management's estimations and assumptions. On the other hand, these estimates are very sensitive to market conditions. Because of these reasons, the recoverability of trade receivables was determined to be a key audit matter.	The following audit procedures were addressed in our audit work on the recoverability of trade receivables: • The Company's credit risk management policy, including credit limit and collection management, were understood and evaluated. • Trade receivables from non-related parties were tested on a sample basis by sending confirmation letters. • The aging's of trade receivable balances from non-related parties were analysed on a sample basis. • The subsequent collections were tested on a sample basis. • The guarantee letters received from customers were tested on a sample basis. • It was assessed if there is a dispute or litigations regarding collectability of trade receivables from non-related parties, and obtained written assessments of legal counsels on outstanding litigations and disputes. • Based on the meetings held with Company management, the reasonableness of Company management's assumptions and judgements underlying the calculations of impairment of trade receivables were assessed. • The compliance of the disclosures regarding recoverability of trade receivables from non-related parties in the financial statements with the relevant financial reporting standards was evaluated.

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5. 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.

6. 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.

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

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

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

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

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

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

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

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

PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
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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 2019 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 2 March 2020.

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

Mehmet Karakurt, SMMM
Partner

İstanbul, 2 March 2020

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CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

VİKİNG KAĞIT VE SELÜLOZ A.Ş.

STATEMENTS OF FINANCIAL POSITION (BALANCE SHEETS)
1 JANUARY - 31 DECEMBER 2019 AND 2018
(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

	Notes	31 December 2019	31 December 2018
ASSETS			
Current Assets			
Cash and Cash Equivalents	5	5,404,075	6,220,381
Trade Receivables		40,951,113	34,304,038
- Due from Related Parties	6	5,223,754	10,341,432
- Due from Third Parties	7	35,727,359	23,962,606
Other Receivables		233,183	1,988,824
- Due from Related Parties	6	-	1,795,375
- Due from Third Parties	8	233,183	193,449
Inventories	9	33,033,432	36,811,712
Prepaid Expenses		728,832	682,993
- Prepaid Expenses from to Third Parties	10	728,832	682,993
Current Tax Assets	29	84,633	31,696
Other Current Assets		1,606,103	1,211,882
- Other Current Assets from Third Parties	20	1,606,103	1,211,882
TOTAL CURRENT ASSETS		**82,041,371**	**81,251,526**
Non - Current Assets			
Financial Assets	3	404,168	227,802
Other Receivables		5,999	5,999
- Other Receivables from Third Parties		5,999	5,999
Property, Plant and Equipment	11	199,356,877	184,864,536
- Land		55,380,000	48,685,000
- Land Improvements		2,920,000	2,518,838
- Buildings		31,220,000	25,517,406
- Machinery and Equipment		106,208,220	106,484,692
- Furniture and Fixtures		1,157,624	1,227,382
- Construction in Progress		2,471,033	431,218
Intangible Assets	12	881,173	764,530
- Other Intangible Assets		881,173	764,530
Rights of Use Assets	11	1,624,829	-
TOTAL NON-CURRENT ASSETS		**202,273,046**	**185,862,867**
TOTAL ASSETS		**284,314,417**	**267,114,393**

The financial statements for the period 1 January - 31 December 2019 have been approved for issue by Board of Directors of Viking Kağıt ve Selüloz A.Ş. on 2 March 2020. The General Assembly and certain regulatory bodies have the authority to make amendments after the issue of these financial statements.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

VİKİNG KAĞIT VE SELÜLOZ A.Ş.

STATEMENTS OF FINANCIAL POSITION (BALANCE SHEETS)

1 JANUARY - 31 DECEMBER 2019 AND 2018

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

	Notes	31 December 2019	31 December 2018
LIABILITIES			
Short-Term Liabilities			
Short-Term Borrowings		65,871,458	5,077,517
- Short-Term Borrowings from to Third Parties		65,871,458	5,077,517
- Bank Loans	15	65,864,503	5,000,000
- Leasing Liabilities		6,955	77,517
Short-Term Portion of Long-Term Borrowings		32,053,279	48,586,638
- Short-Term Portion of Long-Term Borrowings from Third Parties		32,053,279	48,586,638
- Bank Loans	15	31,409,037	48,586,638
- Lease Debts		644,242	-
Trade Payables		80,069,337	111,533,445
- Due to Related Parties	6	27,397,627	4,201,266
- Due to Third Parties	7	52,671,710	107,332,179
Payables for Employee Benefits	18	485,416	418,671
Other Payables		22,812,781	1,342,689
- Due to Related Parties	6	22,100,026	710,514
- Due to Third Parties	8	712,755	632,175
Deferred Income	10	413,934	437,074
- Deferred Income from Third Parties		413,934	437,074
Short Term Provisions		572,776	585,604
- Other Short Term Provisions	17	572,776	585,604
TOTAL SHORT TERM LIABILITES		**202,278,981**	**167,981,638**
Long-Term Liabilities			
Long-Term Borrowings		48,222,711	45,336,888
- Long-Term Borrowings from Third Parties		48,222,711	45,336,888
- Bank Loans	15	47,112,475	45,329,933
- Leasing Liabilities		1,110,236	6,955
Long-Term Provisions		6,039,824	4,768,941
- Long-Term Provisions for Employee Benefits	18	6,039,824	4,768,941
Deferred Tax Liabilities	29	22,930,793	21,361,190
TOTAL LONG TERM LIABILITIES		**77,193,328**	**71,467,019**
TOTAL LIABILITIES		**279,472,309**	**239,448,657**
EQUITY			
Equity Attributable to Owners of the Parent Company		**4,842,108**	**27,665,736**
Share Capital	21	42,000,000	42,000,000
Share Premium	21	253,929	253,929
Other Comprehensive Income/(Expense) not to be Reclassified to Profit and Loss		106,467,508	99,507,749
- Gains on Revaluation and Remeasurement		106,063,340	99,279,947
- Increases on Revaluation of Property, Plant and Equipment	11	110,837,024	103,325,983
- Actuarial Loss Arising From Defined Benefit Plans		(4,773,684)	(4,046,036)
- Fair value Reflected on Other Compherensive Income Revaluation of Financial Assets and/or Classification Benefits		404,168	227,802
Accumulated Losses		(110,356,606)	(94,759,011)
Loss for the Year		(33,522,723)	(19,336,931)
TOTAL EQUITY		**4,842,108**	**27,665,736**
TOTAL LIABILITIES AND EQUITY		**284,314,417**	**267,114,393**

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

VİKİNG KAĞIT VE SELÜLOZ A.Ş.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 1 JANUARY - 31 DECEMBER 2019 AND 2018

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

	Notes	1 January - 31 December 2019	1 January - 31 December 2018
PROFIT OR LOSS			
Revenue	22	224,046,160	230,178,935
Cost of Sales (-)	22	(182,233,988)	(177,004,473)
GROSS PROFIT	22	**41,812,172**	**53,174,462**
Marketing Expenses (-)	23	(22,780,110)	(22,972,948)
General Administrative Expenses (-)	23	(9,822,341)	(10,211,079)
Research and Development Expenses (-)	23	(1,378,505)	(1,118,872)
Other Operating Income	24	7,009,164	28,801,807
Other Operating Expenses (-)	24	(14,705,028)	(48,934,623)
OPERATING PROFIT		**135,352**	**(1,261,253)**
Income from Investment Activities	25	64,261	133,995
OPERATING PROFIT/(LOSS) BEFORE FINANCIAL (EXPENSE)/ INCOME		**199,613**	**(1,127,258)**
Financial Income	27	1,308,293	4,903,388
Financial Expense (-)	27	(35,254,833)	(22,744,298)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS		**(33,746,927)**	**(18,968,168)**
Tax Income from Continuing Operations		224,204	(368,763)
- Deferred Tax (Expense)/Income	29	224,204	(368,763)
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		**(33,522,723)**	**(19,336,931)**
LOSS FOR THE YEAR		**(33,522,723)**	**(19,336,931)**
Loss per share			
- Earnings per Kr1 number of 100 Shares From Continuing Operations	30	(0.7982)	(0.4604)
OTHER COMPREHENSIVE INCOME			
Other Comprehensive Income/Expense not to be Reclassified in Profit and Loss		**10,699,095**	**11,313,026**
Increase in Revaluation of Property, Plant and Equipment	11	13,226,096	15,145,494
Actuarial Gain Arising from Defined Benefit Plans	18	(909,560)	(1,017,659)
Fair Value Difference Other Compherensive Income Revaluation of Saved Assets and/or Loss of Classification	3.29	176,366	10,758
Taxes Relating to Components of Other Comprehensive Income that will not be Reclassified to Profit or Loss		(1,793,807)	(2,825,567)
- Increase in Revaluation of Property, Plant and Equipment, Tax Effect	29	(1,975,719)	(3,029,099)
- Actuarial Gain Arising from Defined Benefit Plans, Tax Effect	29	181,912	203,532
OTHER COMPREHENSIVE INCOME		**10,699,095**	**11,313,026**
TOTAL COMPREHENSIVE EXPENSE		**(22,823,628)**	**(8,023,905)**

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

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

VİKİNG KAĞIT VE SELÜLOZ A.Ş.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED AT 31 DECEMBER 2019 AND 2018

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

	Notes	1 January - 31 December 2019	1 January - 31 December 2018
CASH FLOWS FROM OPERATING ACTIVITIES		**(30,260,955)**	**21,940,168**
Loss for the year		**(33,522,723)**	**(19,336,931)**
- Loss from continuing operations		(33,522,723)	(19,336,931)
Adjustments to reconcile net period expense		**40,397,444**	**47,994,531**
Adjustments related to taxation	29	(224,204)	368,763
Adjustments related to depreciation and amortisation	11.12	9,581,819	7,316,517
Adjustments related to provisions		1,210,711	1,558,847
- Adjustments related to provision for employee benefits	18	1,223,539	1,166,803
- Adjustments for (reversal of) lawsuit and/or penalty provisions		(12,828)	392,044
Adjustments for (reversal of) fair value losses		(26,619)	-
- Adjustments for (reversal of) impairment loss of receivables	24	(26,619)	-
Adjustments related to gain on sales of non-current assets		(37,517)	(120,291)
- Adjustments for impairment on property, plant and equipment		(37,517)	(120,291)
Adjustments related to share of profit		(26,744)	(13,704)
Adjustments related to interest (income)/expense		27,516,479	17,235,770
- Adjustments related to interest expense	24, 27	(340,377)	(256,432)
- Adjustments related to interest income	24, 27	27,856,856	17,492,202
Adjustments related to unrealized foreign currency translation differences		2,403,519	21,648,629
Changes in working capital		**(36,273,461)**	**(5,190,142)**
Adjustments related to decrease/(increase) in trade receivables		(6,518,008)	3,670,901
- Increase in trade receivables from related parties	6	5,220,126	(3,043,515)
- (Decrease)/Increase in trade receivables from third parties	7	(11,738,134)	6,714,416
Adjustments related to increase in inventories	9	3,778,280	(11,608,356)
Adjustments for increase in other receivables related with operations		(488,327)	(964,755)
- Adjustments for increase in other receivables related with operations		(488,327)	(964,755)
Increase in prepaid expenses	10	(45,839)	(393,338)
Adjustments related to increase in trade payables		(32,676,822)	5,160,108
- Decrease in trade payables to third parties	7	(53,789,521)	9,520,580
- (Decrease)/Increase in trade payables to related parties	6	21,112,699	(4,360,472)
(Decrease)/Increase in payables related to employee benefits	18	66,745	(645,046)
Adjustments for decrease/(increase) in other receivables related with operations		(447,072)	-
Decrease/(increase) in other related party receivables related with operations adjustments		(447,072)	-
Increase in deferred income	10	(23,140)	(416,796)
Adjustments for other decrease in working capital		80,722	7,140
- Decrease in other liabilities related with operations		80,722	7,140
Cash generated from operating activities		**(29,398,740)**	**23,467,458**
Employment termination benefits paid	18	(862,215)	(1,527,290)
CASH FLOWS FROM INVESTING ACTIVITIES		**(8,186,548)**	**(8,756,360)**
Cash outflow from purchases of property, plant and equipment and intangible assets		(10,387,986)	(11,001,679)
- Purchase of property, plant and equipment	11	(10,159,295)	(10,841,051)
- Purchase of intangible assets	12	(228,691)	(160,628)
Cash inflow from sales of property, plant and equipment and intangible assets		37,517	120,291
- Sales of property, plant and equipment		37,517	120,291
Advance given for cash and payables		-	1,066,262
Other advance given for cash and payables to related parties		-	1,066,262
Repayments of advance given for cash and payables		1,795,375	789,698
- Repayments of other advance given for cash and payables to related parties	6	1,795,375	789,698
Dividends received	25	26,744	13,704
Interest received		341,802	255,364
CASH FLOWS FROM FINANCING ACTIVITIES		**37,631,330**	**(9,741,316)**
Cash inflows related to borrowings		173,953,461	70,920,000
- Cash inflows from bank loans	15	173,953,461	70,920,000
Cash outflows on debt payments		(127,323,365)	(64,265,785)
- Cash outflows on loan repayments	15	(127,265,525)	(64,229,324)
- Cash outflows from payments of other financial liabilities		(57,840)	(36,461)
Increase/(Decrease) in other payables to related parties	6	20,967,207	701,161
Payments of lease liabilities	15	(870,948)	-
Interest paid		(29,095,025)	(17,096,692)
Net decrease/(increase) in cash and cash equivalents before foreign currency translation differences		**(816,173)**	**3,442,492**
Effect of foreign currency translation differences on cash and cash equivalents		(133)	737,534
NET DECREASE/(INCREASE) IN CASH AND CASH EQUIVALENTS		**(816,306)**	**4,180,026**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**6,220,381**	**2,040,355**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERİOD	**5**	**5,404,075**	**6,220,381**

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

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

VİKİNG KAĞIT VE SELÜLOZ A.Ş.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED AT 31 DECEMBER 2019 AND 2018
(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

			Other Comprehensive Income/(Expense) not to be Reclassified In Profit or Loss	
	Share Capital	**Share Premium**	**Revaluation and Remeasurement Gains of Property, Plant and Equipment**	**Loss on Remeasurement of Defined Benefit Plans**
PREVIOUS PERIOD				
1 January 2018	**42,000,000**	**253,929**	**94,163,591**	**(3,231,909)**
Total Comprehensive Expense	-	-	12,116,395	(814,127)
- Loss for The Year	-	-	-	-
- Other Comprehensive Income	-	-	12,116,395	(814,127)
Transfers	-	-	(2,954,003)	-
31 December 2018	**42,000,000**	**253,929**	**103,325,983**	**(4,046,036)**
CURRENT PERIOD				
1 January 2019	**42,000,000**	**253,929**	**103,325,983**	**(4,046,036)**
Total Comprehensive Expense	-	-	11,250,377	(727,648)
- Loss for The Year	-	-	-	-
- Other Comprehensive Income	-	-	11,250,377	(727,648)
Transfers	-	-	(3,739,336)	-
31 December 2019	**42,000,000**	**253,929**	**110,837,024**	**(4,773,684)**

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

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

VİKİNG KAĞIT VE SELÜLOZ A.Ş.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED AT 31 DECEMBER 2019 AND 2018

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

	Accumulated Losses		
Revaluation and/or Classification Earnings of Financial Assets with Fair Value at Other Compherensive Income	**Accumulated Losses**	**Net Loss For the Year**	**Total Equity**
217,044	**(81,492,306)**	**(16,220,708)**	**35,689,641**
10,758	-	(19,336,931)	(8,023,905)
-	-	(19,336,931)	(19,336,931)
10,758	-	-	11,313,026
-	(13,266,705)	16,220,708	-
227,802	**(94,759,011)**	**(19,336,931)**	**27,665,736**
227,802	**(94,759,011)**	**(19,336,931)**	**27,665,736**
176,366	-	(33,522,723)	(22,823,628)
-	-	(33,522,723)	(33,522,723)
176,366	-	-	10,699,095
-	(15,597,595)	19,336,931	-
404,168	**(110,356,606)**	**(33,522,723)**	**4,842,108**

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

VİKİNG KAĞIT VE SELÜLOZ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2019
(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Viking Kağıt ve Selüloz A.Ş. ('the Company'), is engaged in the production, sales and marketing of semi-finished and finished sanitary papers for the domestic and foreign markets. The production plant of the company is located in İzmir - Aliağa.

Shares of the Company have been traded on the Borsa Istanbul ('BIST'). The ultimate shareholder of the Company is Yaşar Holding A.Ş. ('Yaşar Holding') holding 78.48% (2018: 78.48%) shares of the Company (Note 21).

The address of the registered office is as follows:

Yalı Mahallesi, Hürriyet Caddesi No: 474
Aliağa - İzmir

The average number of personnel employed in the Company's period during the period is 208 (2018: 223).

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Preparation of Financial Statements and Accounting

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 ("TFRS"). The financial statements are presented in accordance with the "TFRS Taxonomy" issued by the POAASA on 15 April 2019 and the formats specified in the Financial Statement Examples and Usage Guidelines issued by CMB.

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

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

2.2 Amendments in Turkish Financial Reporting Standards

a) Standards, amendments and interpretations applicable as at 31 December 2019:

- Amendment to IFRS 9, 'Financial instruments'; effective from annual periods beginning on or after 1 January 2019. This amendment confirmed two points: (1) that reasonable compensation for prepayments can be both negative or positive cash flows when considering whether a financial asset solely has cash flows that are principal and interest and (2) that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39.

- IFRS 16, 'Leases'; effective from annual periods beginning on or after 1 January 2019, with earlier application permitted if IFRS 15 'Revenue from Contracts with Customers' is also applied. This standard replaces the current guidance in IAS 17 and is a farreaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right of use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, 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.

- IFRIC 23, 'Uncertainty over income tax treatments'; effective from annual periods beginning on or after 1 January 2019. This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRS IC had clarified previously that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

VİKİNG KAĞIT VE SELÜLOZ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2019
(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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

2.2 Amendments in Turkish Financial Reporting Standards (Continued)

- Annual improvements 2015 - 2017; effective from annual periods beginning on or after 1 January 2019. These amendments include minor changes to:

  - IFRS 3, 'Business combinations', - a company remeasures its previously held interest in a joint operation when it obtains control of the business.

  - IFRS 11, 'Joint arrangements', - a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

  - IAS 12, 'Income taxes' - a company accounts for all income tax consequences of dividend payments in the same way.

  - IAS 23, 'Borrowing costs' - a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

- Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement'; effective from annual periods beginning on or after 1 January 2019. These amendments require an entity to:

  - Use updated assumptions to determine current service cost and net interest for the reminder of the period after a plan amendment, curtailment or settlement and

  - Recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

b) New standards, amendments and interpretations issued and effective as of 31 December 2019 have not been presented since they are not relevant to the operations of the Company or have insignificant impact on the financial statements.

c) Standards, amendments and interpretations that are issued but not effective as at 31 December 2019:

- 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:

  - Use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting,

  - Clarify the explanation of the definition of material and

  - Incorporate some of the guidance in IAS 1 about immaterial information.

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

2.2 Amendments in Turkish Financial Reporting Standards (Continued)

- 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.

The Company will evaluate the effects of the above amendments on its operations and apply them from the effective date.

2.3 Restatement and Errors in the Accounting Policies and Estimates

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

2.4 Comparative Information

The Company prepared its financial statements on a comparative basis with the preceding financial period, which enables determination of trends in financial position and performance. The Company prepared its balance sheet at 31 December 2019 on a comparative basis with balance sheet at 31 December 2018 and statements of comprehensive income, cash flows and changes in equity for the period of 1 January - 31 December 2019 on a comparative basis with financial statements for the period of 1 January - 31 December 2018.

Accounting policies, which are taken as basis in the preparation of financial statements for the period between January 1 - December 31, 2019, have been applied consistently with the financial statements prepared as of December 31, 2018, except for TFRS 16 "Financial Leases" Standard, which is stated below and entered into force as of January 1, 2019.

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

2.4 Comparative Information (Continued)

2.4.1 TFRS 16, 'Leases'

The Company has applied accounting policy changes resulting from the first time adoption of TFRS 16, 'Leases' effective from 1 January 2019, in accordance with the transition requirements of the related standard. The accounting policy changes originating from the mentioned standards and the effects of the application of the related standards for the first time are presented below.

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 Company 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:

a) The contract contains an identified asset: - this may be specified explicitly or implicitly,

b) The asset should be physically distinct or represent substantially all of the capacity of a physicallydistinct asset. If the supplier has a substantive substitution right, the asset is not identified,

c) 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

d) The Company has the right to direct use of the asset. The Company concludes to have the right of use, when it is predetermined how and for what purpose the Company will use the asset. The Company has the right to direct use of asset if either:

   i. The Company has the right to operate 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.

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

2.4.1 TFRS 16, 'Leases' (Continued)

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).

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

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

The Company applies 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.

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 realised 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 Company exercising an option to terminate the lease.

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

- Increasing the carrying amount to reflect interest on the lease liability,
- Reducing the carrying amount to reflect the lease payments made and
- Remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

VİKİNG KAĞIT VE SELÜLOZ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2019
(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

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

2.4.1 TFRS 16, 'Leases' (Continued)

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.

Facilitative practices

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 TFRS 16 lease standard, and payments related to these agreements continue to be recognised as expenses in the period in which they occur. A single discount rate has been applied to a portfolio of leases with reasonably similar properties (such as leases with the remaining lease term similar for a similar asset class in a similar economic environment).

Transition to IFRS 16 'Leases'

The Company applied IFRS 16 'Leases', which superseded IAS 17 'Leases', and accounted in the consolidated financial statements by using "cumulative effect method" on the transition date of 1 January 2019. In accordance with the simplified transition method defined in standard, no restatement has been required in the comparative information of the financial statements and has no impact on retained earnings. On first time adoption of IFRS 16 'Leases', the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 'Leases' before 1 January 2019. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of the transition date. The right to use assets are accounted for at an amount equal to the lease obligations (adjusted for the amount of prepayed or accrued lease payments) within the scope of simplified transition application in the related standard.

The reconciliation of the operating lease agreements followed under IAS 17 prior to the first application date and the lease liabilities recognized under IFRS 16 in the financial statements as of 1 January 2019 is as follows:

	1 January 2019
Operating lease commitments disclosed in accordance with IAS 17	**1,554,262**
Lease liability recognised under IFRS 16 (not discounted)	**1,554,262**
Lease liability recognised under IFRS 16 (discounted with alternative borrowing rate)	**1,118,841**
- Short term lease liability	360,120
- Long term lease liability	758,721

As of 1 January 2019, the weighted average of the alternative borrowing rates applied to the lease obligations of the Company is 24.85%.

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

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

2.4.1 TFRS 16, 'Leases' (Continued)

As of 1 January 2019 and 31 December 2019, details of the right of use assets that are accounted in financial statements are as follows:

	31 December 2019	1 January 2019
Vehicles	1,624,829	2,201,549
Total right of use assets	**1,624,829**	**2,201,549**

2.5 Summary of Significant Accounting Policies

2.5.1 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:

a) Determination of contracts with customers,
b) Determination of performance obligations in the contract,
c) Determining the transaction price in the contract,
d) Allocation of the transaction price to the performance obligations in the contract,
e) Accounting of revenue when every performance obligation is met.

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 related to performance obligations, such as goods or service transfer commitments, is recognized when customers are in control of the goods or services.

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

(a) The parties to the Convention have ratified the contract (in accordance with written, oral or other commercial practices) and undertakes to carry out their own actions,
(b) The Company may define the rights related to the goods or services to be transferred by each party,
(c) The Company may define the payment terms related to the goods or services to be transferred,
(d) The contract is essentially commercial,
(e) It is probable that the Company will be charged for the goods or services to be transferred to the customer. When evaluating whether the collectability of a price is probable, the entity shall consider only the customer's ability to pay the price at the due date and its intent.

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

2.5.1 Revenue recognition (Continued)

Revenue form product sales

The company receives revenue from the production and sale of cleaning paper. Revenue is recorded when the control of the products is transferred to the customer. While evaluating the transfer of control of the goods or services sold to the customer:

- Ownership of the right to collect goods or services,
- Ownership of the right of the customer,
- The transfer of the physical possession of the goods,
- Ownership of significant risks and benefits of property ownership,
- Takes into account the conditions of the customer's acceptance of the goods.

For each performance obligation identified, the entity determine at contract inception whether it satisfies the performance obligation over time or satisfies the performance obligation at a point in time. The Company recognises revenue from product sales in the financial statements following the transfer of control to the customer.

The Company does not adjust the promised amount of consideration for the effects of a significant financing component since the Company expects, at contract inception, that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less. If the Company expect to pay back a portion or full of collected amount, the Company recognizes a contract liability due to obligation to return on the financial statements. The obligation to return calculated according to collected amounts (or to be collected amounts). The obligation to return is updated at the end of each reporting period, taking into account the changes in the conditions.

2.5.2 Financial assets

Classification and measurement

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

(a) Financial assets recognized at amortized cost:

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

Impairment

Company has applied simplified approach and used impairment matrix for the calculation of impairment on its receivables carried at amortized cost, since they do not comprise of any significant finance component. In accordance with this method, if any provision provided to the trade receivables as a result of a specific events, 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.

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

2.5.2 Financial assets (Continued)

(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, the fair value of which is reflected in other comprehensive income, include 'financial investments' in the statement of financial position. In case the assets with fair value difference recorded in other comprehensive income are sold, the valuation difference classified into other comprehensive income is classified in previous years' profits.

The summary for the classification of financial liabilities and assets in IFRS 9 standarts is as follows:

	Previous classification according to IAS 39	New classification according to IFRS 9
Financial assets		
Cash and cash equivalents	Loans and receivables	Amortized cost
Financial investmen	Available for sale financial assets	Fair value difference other compherensive
Trade receivables	Loans and receivables	Amortized cost
Other receivables	Loans and receivables	Amortized cost
Financial liabilities		
Borrowings	Amortized cost	Amortized cost
Trade payables	Amortized cost	Amortized cost
Other payables	Amortized cost	Amortized cost

2.5.3 Restatements and errors in the accounting policies

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.

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

2.5.4 Offsetting

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

2.5.5 Inventories

Inventories are valued at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. Cost elements included in inventories comprise total purchase costs. The costs of inventories are determined on the weighted average basis (Note 9).

2.5.6 Property, plant and equipment

Property, plant and equipment except for land, land improvements and buildings are stated at cost less accumulated depreciation. Land, land improvements and buildings are stated at fair value less accumulated depreciation, based on valuations by external independent valuers namely TSKB Gayrimenkul Değerleme A.Ş. as of 31 December 2019 (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.

Increases in the carrying amount arising on the revaluation of land, land improvements and buildings are credited to the revaluation reserve in equity by netting the deferred tax effect. The revaluation increases related the land, land improvements and buildings that was previously impaired are credited to profit and loss accounted with an amount of the previous impairment. Decreases that offset previous increases of the same 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 the accumulated losses.

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

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

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

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

2.5.6 Property, plant and equipment (Continued)

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

	Years
Buildings and land improvements	4 - 40
Machinery and equipments	5 - 20
Motor vehicles	10
Furniture and fixtures	2 - 40

Subsequent costs are included in the asset's carrying value or recognised as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The Company derecognises the carrying amounts of the replaced parts related to renovations regardless of whether the replaced parts were depreciated separately. Subsequent costs included in the asset's carrying value or recognised as separate asset, are depreciated based on their useful lives. For the purpose of assessing impairment, property plant and equipment assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Where the carrying amount of an asset is greater than its recoverable amount, an impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. If the property, plant and equipment that are impaired are revalued, the impairment is charged to the revaluation reserves for an amount equivalent to the increases included in the revaluation reserve in the preceding periods and the remaining amount is recognised in the statement of comprehensive income.

Repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred. The cost of major subsequent expenditure relating to property, plant and equipment that has already been recognized is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major subsequent expenditures are depreciated over the remaining useful life of the related assets.

2.5.7 Intangible assets

Intangible assets have finite useful lives and mainly comprise acquired rights. Intangible assets acquired before 1 January 2005 are carried at cost in the equivalent purchasing power of TL as at after 1 January 2005 are carried at cost, less accumulated amortisation and impairment losses, if any. They are recorded at acquisition cost and amortised on a straight-line basis over their estimated useful lives for a period of six years from the date of acquisition (Note 12). Costs associated with maintaining computer software programs are recognized as an expense when incurred. Gain or losses on disposals or on impairments of intangible assets with respect to their amounts are included in the related income and expense accounts. Residual values of intangible assets are deemed as negligible. Intangible assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

2.5.7 Intangible assets (Continued)

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.).

2.5.8 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 27). If the borrowings mature within 12 months, then they are classified in current liabilities, otherwise they are classified in non-current liabilities (Note 15).

The fees paid for borrowing agreements and limits, if the usage of some or all of the limit in terms of the borrowing agreement is highly probable, is accounted for in the financial statements as transaction cost as explained above. When the usage of the limit is not probable, the fee paid is considered as the service cost paid of liquidity service and prepaid expense and accounted for in the profit and loss statement through the validity period of borrowing limit.

Assets that require a long time to be ready for intended use or sale are defined as qualifying assets. General or specific borrowing costs associated with the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset until the asset is substantially ready for use.

2.5.9 Share capital and dividends

Ordinary shares are classified as equity. Dividends payable on ordinary shares are recognised as an appropriation of the profit in the period they are declared. Dividends payable on shares are recognised as an appropriation of the profit in the period in which they are declared.

2.5.10 Trade receivables

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

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

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

2.5.11 Trade payables

Trade payables are recorded with their fair values and in the subsequent periods, if the interest accrued effect is insignificant, it is evaluated based on the invoice amount.

2.5.12 Foreign currency transaction and balances

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

2.5.13 Earnings/(Loss) per share

Earning/ (loss) per share disclosed in the statement of income and other comprehensive income are determined by dividing net profit/(loss) for the year by the weighted average number of shares that have been outstanding during the year concerned (Note 30). 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/(loss) per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issues without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and for each earlier year. In case of dividend distribution, earnings per share is calculated by dividing net income by the number of shares, rather than dividing by weighted average number of shares outstanding.

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

2.5.15 Provisions, contingent assets and liabilities

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company are treated as contingent assets or liabilities. The Company does not recognise contingent assets and liabilities. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable. (Note 17).

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 a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are not recognized for future operating losses.

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

2.5.16 Employee benefits/employment termination benefits

Provision for employment termination benefits represents the present value of the estimated total provision of the future probable obligation of the Company arising from the retirement of the employees calculated in accordance with the Turkish Labour Law. In accordance with the existing social legislation and Turkish Labor Law in Turkey, the Company is required to make lump-sum termination indemnities to each employee whose employment is terminated due to retirement or for reasons other than resignation or misconduct and who has completed at least one year of service Provision is made for the present value of the defined benefit obligation calculated using the projected unit credit method. All actuarial gains and losses are recognised in the statement of comprehensive income.

2.5.17 Related parties

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

a) A person or a member of this person's close family is deemed to be related to the reporting enterprise in the following cases:

   i) If the person in question has control or joint control power over the reporting enterprise,
   ii) If the reporting entity has a significant impact,
   iii) The reporting enterprise or the reporting entity is a member of key management personnel of a parent company.

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

   i) If the entity and the reporting entity are members of the same group (ie each parent, subsidiary and other subsidiary is associated with others),
   ii) the entity's other entity (or a member of a group to which the other entity is a member) if it is an affiliate or joint venture,
   iii) If both businesses are a joint venture of the same third party,
   iv) If one of the enterprises is a business partnership of a third enterprise and the other enterprise is an affiliate of the third enterprise in question,
   v) The enterprise has post-employment benefit plans for employees of the reporting enterprise or a business associated with the reporting enterprise (If the reporting business itself has such a plan, the sponsoring employers are also associated with the reporting business.),
   vi) In the event that the business is controlled or jointly controlled by a person defined in (a),
   vii) A person identified in item (a) of item (İ) has significant impact on the business or a member of the key management personnel of that enterprise (or its main partnership) if there is,

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

2.5.18 Segment reporting

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

The Company has only one reporting segment due to the fact that it operates in tourism sector and in only one geographic area; and the Company's key management takes strategic decisions by considering all operations of the Company. For this reason, segment reporting is not applicable.

2.5.19 Taxation on income

Taxes on income for the period comprise current tax and the change in deferred income taxes. Current year tax liability consists of the taxes calculated over the taxable portion of the current year income by reference to corporate income tax rates enacted as of the balance sheet date and adjustments provided for previous years' income tax liabilities. (Note 29).

Deferred income tax income or expense is recognized in the statement of income and other comprehensive income, except to the extent that it relates to items recognized directly in equity (Note 29). 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 is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements.

The tax expense for the period comprises current and deferred income tax. The current income tax liability includes the taxes payable calculated on the taxable portion of the period income with tax rates enacted on the balance sheet date (Note 29).

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. Deferred income tax liabilities are recognised for all taxable temporary differences, where deferred income tax assets resulting from deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised. To the extent that deferred income tax assets will not be utilised, the related amounts have been deducted accordingly. (Note 29).

2.5.20 Statement of cash flows

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

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

2.6 Critical Accounting Estimates and Judgements

Preparation of financial statements requires the use of estimates and assumptions that may affect the amount of assets and liabilities recognized as of the balance sheet date, disclosures of contingent assets and liabilities and the amount of revenue and expenses reported. Although these estimates and assumptions rely on the Company management's best knowledge about current events and transactions, actual outcomes may differ from those estimates and assumptions. Significant estimates of the Company management are as follows:

(i) Going Concern

The accompanying financial statements of the Company have been prepared in accordance with the "Going Concern" principle. In addition, the Company management made a detailed evaluation of material uncertainty related with going concern and took some precautions regarding the sustainability of the Company as explained in Note 36.

As of 31 December 2019, the Company's short-term liabilities exceeded its total current assets by TL120,237,610 while the net period loss for the year ending as of 31 December 2019 was TL33,522,723 and as of this date the accumulated losses were TL110,356,606.

In addition, after the assessment carried out based on the Article 376 of the TCC and the relevant regulations of the Capital Markets Board, it was understood that two thirds of the total capital and legal reserves remained non-reciprocal due to loss. Since all these conditions may indicate significant uncertainty about the going concern of the Company, the Company management made a detailed assessment as described in Note 36 regarding the continuance of the Company, and based on the CMB's decision dated 10 April 2014 and numbered 11/352 regarding the implementation of Article 376 of TCC No. 6102 for public companies, and in accordance with Article 376 of the TCC, an interim balance sheet ("TCC 376 balance sheet") was prepared based on the probable sales prices of the Company's assets (Note 36). As part of the valuation of the intangible assets included in the said TCC 376 balance sheet, the Company's brands were valued by an independent professional valuer, and as a result of the positive impact of this value, which amounted to TL42 million, on Company equity, at the meeting of the Company's Board of Directors on 27 February 2020, it was decided that no further measures were required in this regards.

Moreover, Yaşar Holding A.Ş., the Company's main shareholder, undertakes to provide the Company with the necessary resources and support to strengthen the financial structure, avoid any difficulties in paying its existing commercial and non-commercial debts and make its payments on time.

With regard to the TCC 376 balance sheet, as per the decision of the Board of Directors dated 27 February 2020, in line with CMB resolution No. 11/352, the Company decided to make a special circumstances disclosure dated 2 March 2020 on the Public Disclosure Platform. The Company management and the parent company believe that the precautions and regulations listed above will contribute positively to the Company's performance, and that, acting in line with these precautions, the Company will be able to continue operating for the foreseeable future.

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

2.6 Critical Accounting Estimates and Judgements (Continued)

(ii) Revaluation of land, buildings and land improvements, machinery and equipment:

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 yearly revaluations and fair value measurements are considered unnecessary.

Due to the fact that the machinery, facilities and equipment are mainly imported there may be significant changes in market data taken into consideration in the cost approach due to the changes in the exchange rates and the carried values will not converge to their fair values as of 31 December 2019. In this context, machinery, facilities and devices have been assigned to TSKB Gayrimenkul Değerleme A.Ş. has been reflected to the financial statements based on the fair value determined by the valuation results.

In addition, fair value of land, land improvements, buildings, determined by TSKB Gayrimenkul Değerleme A.Ş. as of 31 December 2018 is assumed to approximate the fair values as of 31 December 2019 after deducting the current period depreciation.

Details of the methods and assumptions used for valuation are as follows:

- In the fair value calculations, the most effective and efficient use assessment was made and the current usage objectives were determined as the most effective and efficient use, and the peer comparison method, underground and aboveground layouts and the cost approach method for buildings were used.

- In the comparison method, the existing market information was utilized, price adjustments were made within the framework of the criteria that could affect the market value, and the average m^2 sales value was determined for the plots and buildings subject to the report, taking into consideration similar properties that were recently launched in the region. The peers found were compared within the criteria such as location, size, zoning status, physical properties, and they were contacted with the real estate marketing firms for the current evaluation of the real estate market, and the existing information of the independent professional valuation company was used.

- In the cost approach method, the value of the real estate was determined by adding the investment costs on the land after the amortization (after adding any interests or gains, removing the wearing out). The peer comparison method described above was also used to calculate the plot value from the components discussed in the cost approach method.

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

2.6 Critical Accounting Estimates and Judgements (Continued)

The carrying values of land, land improvements and buildings do not necessarily reflect the amounts that would result from the outcome of a sales transaction between independent parties.

As of initial recognition and as of balance sheet date, the Company performs impairment assessment for buildings, land improvements and machinery and equipment of which valuations are based on cost approach, in accordance with the "TAS 36 Impairment of Assets", and no impairment indicator is identified.

(iii) Recoverability of trade receivables

The Company's management considers the assessment of the recoverability of receivables, guarantees received from customers, past collection performance, maturity analysis, disputes or claims related to receivables. As a result of all these evaluations, determination of doubtful receivables and determination of provision amounts for these receivables also include judgments and estimations of the management of the Company.

2.7 Compliance Decleration to Resolutions Published by POAASA and TFRS

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

NOTE 3 - INTERESTS IN OTHER ENTITIES

i. Assets recorded at fair value through other comprehensive income:

	31 December 2019		**31 December 2018**	
	Carrying Value TL	**Share (%)**	**Carrying Value TL**	**Share (%)**
Desa Enerji Elektrik Üretim A.Ş. ("Desa Enerji")	404,168	0.51	227,802	0.51
	404,168		**227,802**	

As of 31 December 2018, Desa Enerji, the available-for-sale financial asset, discounted cash flows at a discount rate of 18.41% (2018: 22.68%), taking into account market interest rates and the risk premium specific to non-listed companies in similar sectors. The fair value of financial assets and liabilities are reflected in the financial statements.

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

NOTE 3 - INTERESTS IN OTHER ENTITIES (Continued)

The movement of available-for-sale financial assets is as follows:

	2019	2018
1 January	**227,802**	**217,044**
Increase in fair value:		
Desa Enerji	176,366	10,758
31 December	**404,168**	**227,802**

NOTE 4 - SEGMENT REPORTING

Please see Note 2.5.20.

NOTE 5 - CASH AND CASH EQUIVALENTS

	31 December 2019	31 December 2018
Cash in hands	273	558
Banks	1,097,100	6,035,147
- Demand deposits	1,097,100	1,131,645
- Turkish Lira	431,755	604,474
- Foreign currency	665,345	527,171
- Time deposits	-	4,903,502
- Turkish Lira	-	800,000
- Foreign currency	-	4,103,502
Other	4,306,702	184,676
	5,404,075	**6,220,381**

As of 31 December 2019, the Company does not have any time deposits (2018: The Company have TL4,903,502 time deposits). As of 31 December 2019, foreign currency deposits include USD107,513 and EUR1,358, GBP2,277 (2018: USD846,665 and EUR22.531, GBP6,108). Other cash equivalents consist of credit card receivables with average maturity of 30 days (2018: 30 days) and bear the effective weighted average interest rate: None (2018: 23.50% and 1.75% per annum ("p.a.")).

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.

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NOTE 6 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The receivables from and payables to related parties as at 31 December 2019 and 2018 and the summary of significant transactions with related parties during the period are presented below:

i. Balances with related parties:

a) Due from related parties - current:

	31 December 2019	31 December 2018
Yaşar Dış Ticaret A.Ş. ("YDT")	4,765,106	10,173,072
Pınar Süt Mamulleri Sanayi A.Ş. ("Pınar Süt")	357,260	160,584
Other	101,388	7,776
	5,233,754	**10,341,432**

Receivables from YDT are mainly related with the exporting activities performed by this related party.

b) Other short-term receivables from related parties

Yaşar Holding	-	1,795,375
	-	**1,795,375**

As of 31 December 2018, the effective interest rate for non-trade receivables of Company from Yaşar Holding amounting to TL1,795,375 with the effective interest rate 25.5% p.a. and its maturity is within 1 month.

The breakdown of trade and other receivables from related parties as of 31 December 2019 and 2018 are as follows:

	31 December 2019	31 December 2018
Overdue	882,351	2,308,720
0-30 days	4,341,403	6,263,044
31-60 days	-	3,565,043
	5,223,754	**12,136,807**

The agings of overdue trade receivables from related parties and credit risk analysis as of 31 December 2019 and 2018 are further explained in Note 35.a.

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

	31 December 2019	31 December 2018
c) Short-term trade payables to related parties:		
Yadex Export International GmbH ("Yadex")	18,515,908	-
Desa Enerji	3,867,499	761,556
YDT	1,785,443	1,715,864
Yaşar Birleşik Pazarlama Dağıtım Turizm ve Ticaret A.Ş. ("YBP")	1,550,928	900,885
Yaşar Holding	823,106	744,385
Other	854,743	78,576
	27,397,627	**4,201,266**

As of December 31, 2019, debts to Yadex are borrowed from foreign raw material purchases, debts to YDT, export expenses, debts to Yaşar Holding, consultancy and consultation service costs, debts to Desa Enerji, and debts to YBP. It is due to the reflection and maturity difference.

	31 December 2019	31 December 2018
d) Other short-term payables to related parties:		
Yaşar Holding	18,316,113	196,449
Yaşar Bilgi İşlem ve Ticaret A.Ş. ("Yaşar Bilgi İşlem")	3,361,608	-
YDT	85,928	273,982
Desa Enerji	26,405	151,690
Other	309,972	88,393
	22,100,026	**710,514**

Other payables to Yaşar Holding and Yaşar Bilgi İşlem consist of non-commercial short-term debts obtained by the related related parties of the Company and the annual effective interest rate applied is 15.5% and within 1 month (31 December 2018: Annual effective interest rate applied to Yaşar Holding for 622.121 TL non-commercial receivables is 25.5% and within 1 month). YDT, Desa and Other Payables consist of bail and financing service fees calculated for the non-commercial debts of the company.

ii. Transactions with related parties:

	1 January - 31 December 2019	1 January - 31 December 2018
a) Product sales:		
YDT	74,560,117	86,967,311
Yaşar Holding	143,544	49,104
YBP	59,092	104,180
Other	21,828	44,753
	74,784,581	**87,255,348**

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

	1 January - 31 December 2019	1 January - 31 December 2018
b) Servis sales:		
Pınar Süt	66,089	-
	66,089	**-**
c) Product purchases:		
Yadex	16,775,437	1,187,671
	16,775,437	**1,187,671**

The Company imports a portion of its raw materials through Yadex.

d) Services purchases:		
Desa Enerji	11,484,002	8,180,888
Yaşar Holding	3,016,834	2,752,196
YDT	1,903,872	3,347,921
YBP	90,402	66,739
Other	1,043,883	634,621
	17,538,993	**14,982,365**

The service purchases from Yaşar Holding are related to various services and consultancy fees, the purchases from YDT are related to export commissions and the purchases from Desa Enerji are related to the purchase of energy.

e) Purchases of property, plant and equipment and intangible assets:		
Yadex	818,558	-
Yaşar Holding	151,036	129,829
Pınar Entegre Et ve Un Sanayi A.Ş.	19,242	170,000
Desa Enerji	-	86,476
Other	87,886	98,940
	1,076,722	**485,245**

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

	1 January - 31 December 2019	1 January - 31 December 2018
f) Sales of property, plant and equipment and intangible assets:		
Pınar Süt A.Ş.	-	120,291
	-	**120,291**
g) Dividends received:		
Desa Enerji	26,743	13,704
	26,743	**13,704**
h) Finance income:		
Yaşar Holding	26,015	113,356
	26,015	**113,356**
i) Finance expenses:		
Yaşar Holding	1,235,152	436,266
YDT	384,235	456,958
Desa Enerji	325,351	192,800
YBP	242,744	316,511
Other	200,067	-
	2,387,549	**1,402,535**

Financial expenses consist of the bail and financing expenses of the loans provided by the Company from various financial institutions and the Yaşar Group companies are included as guarantors, each of the financing provision and bail commission rates used in the relevant calculations are 0.5% per year (2018: 0.5% per year).

	1 January - 31 December 2019	1 January - 31 December 2018
j) Other operating income:		
YDT	1,692,881	3,152,770
Yadex	1,265,169	431,586
Other	207,683	38,549
	3,165,733	**3,622,905**

A significant portion of other operating income derived from related parties consists of foreign currency gains arising from product purchases and export sales.

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

	1 January - 31 December 2019	1 January - 31 December 2018
k) Other operating expense:		
Yadex	2,187,082	899,109
YDT	1,440,026	1,892,650
Other	1,002,464	302,789
	4,629,572	**3,094,548**

Other operating expenses resulting from the transactions with YDT and Yadex are related to foreign exchange losses from export sales and interest expense on trade payables.

l) Bails received:

As of 31 December 2019, the Company received bails from Yaşar Holding, YBP, YDT and Desa Enerji, Yaşar Group Companies, regarding the loan amounting TL143,154,623 which is obtained from domestic financial institutions (2018: TL91,544,204).

m) Key management compensation:

Key management includes Board of Directors, general manager and directors whether key management compensations are as follows:

Short-term benefits	1,313,768	1,108,776
Other long-term benefits	37,869	19,745
	1,351,637	**1,128,521**

n) Donations:

Yaşar Eğitim Vakfı	60,931	68,036
	60,931	**68,036**

NOTE 7 - TRADE RECEIVABLES AND PAYABLES

	31 December 2019	31 December 2018
a) Trade receivables from third parties:		
Customer current accounts	24,675,020	17,802,049
Cheques and notes receivable	15,542,550	10,677,387
	40,217,570	**28,479,436**
Less: Provision for doubtful receivables	(4,490,211)	(4,516,830)
	35,727,359	**23,962,606**

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

NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Continued)

The aging of trade receivables as of 31 December 2019 and 2018 are as follows:

	31 December 2019	**31 December 2018**
Overdue	1,722,424	1,899,959
0 - 30 days	5,929,588	5,948,316
31 - 60 days	10,842,024	7,211,680
61 - 90 days	14,285,783	8,036,532
91 days	2,947,540	866,119
	35,727,359	**23,962,606**

The aging and credit risk analysis of overdue receivables as of 31 December 2019 and 2018 are disclosed in detail in Note 35.a.

The Company has trade receivables of TL1,722,424 that were past due but not impaired as of 31 December 2018, TL646,452 of related overdue receivables has been collected from customers in the subsequent period (2018 TL1,899,959 portion of TL274,302 trade receivables that were past due but not impaired has been collected from customers).

The movement of the provision for doubtful receivables during the period is as follows:

	2019	**2018**
1 January	**(4,516,830)**	**(4,516,830)**
Provisions no longer required (Note 24.a)	26,619	-
31 December	**(4,490,211)**	**(4,516,830)**

Concentrations of credit risk with respect to trade receivables are limited due to the Company's widely dispersed customer base, covering the spectrum of manufacturing and distribution. The Company's historical experience in collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Company's trade receivables.

b) Short-term trade payables to third parties:

	31 December 2019	**31 December 2018**
Notes payable	31,396,518	86,619,411
Supplier current accounts	21,275,192	20,712,768
	52,671,710	**107,332,179**

TL5,037,168 (2018: TL6,604,269) of trade payables is overdue for 1 month on average as of 31 December 2019 (2018: 1 month).

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NOTE 8 - OTHER RECEIVABLES AND PAYABLES

	31 December 2019	31 December 2018
a) Other short-term receivables from third parties:		
Receivable from insurance companies	61,027	61,027
Receivable from personnel	11,532	24,921
Advances given to personnel	8,646	14,836
Other	151,978	92,665
	233,183	**193,449**

	31 December 2019	31 December 2018
b) Other short-term payables to third parties:		
Taxes and funds payable	711,328	630,587
Other	1,427	1,588
	712,755	**632,175**

NOTE 9 - INVENTORIES

	31 December 2019	31 December 2018
Raw materials	17,459,013	21,922,163
Work in progress	10,060,506	8,714,606
Finished goods	5,134,958	5,688,004
Trade goods	211,742	381,502
Other	167,213	105,437
	33,033,432	**36,811,712**

Raw materials and supplies mainly consist of cellulose and recycled paper used in cleaning paper production. As of 31 December 2019, TL3,887,678 (2018: TL7,541,209) of the raw materials and supplies is comprised of goods in transit.

Cost of raw materials and materials expensed in the current period and associated with the cost of sales is TL113,707,389 (2018: TL118,347,563) (Note 19).

NOTE 10 - PREPAID EXPENSES AND DEFERRED INCOME

	31 December 2019	31 December 2018
a) Short-term prepaid expenses:		
Prepaid expenses	728,832	682,993
	728,832	**682,993**

	31 December 2019	31 December 2018
b) Deferred income:		
Advances received	413,934	437,074
	413,934	**437,074**

Order advances received as of 31 December 2019 and 31 December 2018 consist of advances received from customers for sales to be made in the subsequent periods of the Company and it is anticipated that advances will be closed within one year (2018: expected to be closed within one year).

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NOTE 11 - PROPERTY, PLANT, EQUIPMENT AND RIGHT OF USE ASSETS

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

	1 January 2019	Additions	Disposals	Transfers	Netting off Acc. Depr. Before Revaluation	Revaluation	31 December 2019
Cost/revaluation:							
Land	48,685,000	-	-	-	-	6,695,000	55,380,000
Buildings and land improvements	29,622,124	12,578	-	1,203,500	(3,229,298)	6,531,096	34,140,000
Machinery, plant and equipment	106,480,902	1,590,571	-	4,779,317	-	-	112,850,790
Motor vehicles	93,842	-	(39,098)	213,207	-	-	267,951
Furniture and fixtures	6,585,718	196,404	(6,930)	123,903	-	-	6,899,095
Construction in progress	431,218	8,359,742	-	(6,319,927)	-	-	2,471,033
	191,898,804	**10,159,295**	**(46,028)**	**-**	**(3,229,298)**	**13,226,096**	**212,008,869**
Less: Accumulated depreciation:							
Buildings and land improvements	(1,585,880)	(1,643,418)	-	-	3,229,298	-	-
Machinery, plant and equipment	-	(6,822,364)	-	-	-	-	(6,822,364)
Motor vehicles	(90,052)	(37,203)	39,098	-	-	-	(88,157)
Furniture and fixtures	(5,358,336)	(390,065)	6,930	-	-	-	(5,741,471)
	(7,034,268)	**(8,893,050)**	**46,028**	**-**	**3,229,298**	**-**	**(12,651,992)**
Net book value	**184,864,536**						**199,356,877**

In the year ended 31 December 2019, a significant portion of the additions to tangible assets consists of machinery and machine parts for the production of cleaning paper. A significant part of the transfers to buildings in 2019 arises from the building activations of the production facilities.

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NOTE 11 - PROPERTY, PLANT, EQUIPMENT AND RIGHT OF USE ASSETS (Continued)

Movements of property, plant and equipment between 1 January - 31 December 2018 were as follows:

	1 January 2018	Additions	Disposals	Transfers	Netting off Acc. Depr. Before Revaluation	Revaluation	31 December 2018
Cost/ revaluation:							
Land	48,685,000	-	-	-	-	-	48,685,000
Buildings and land improvements	28,464,549	12,398	-	1,145,177	-	-	29,622,124
Machinery, plant and equipment	87,465,810	591,798	(7,465)	8,502,075	(5,216,810)	15,145,494	106,480,902
Motor vehicles	89,707	-	-	4,135	-	-	93,842
Furniture and fixtures	6,009,776	441,907	(12,030)	146,065	-	-	6,585,718
Construction in progress	433,722	9,794,948	-	(9,797,452)	-	-	431,218
	171,148,564	**10,841,051**	**(19,495)**	-	**(5,216,810)**	**15,145,494**	**191,898,804**
Less: Accumulated depreciation:							
Buildings and land improvements	-	(1,585,880)	-	-	-	-	(1,585,880)
Machinery, plant and equipment	-	(5,224,275)	7,465	-	5,216,810	-	-
Motor vehicles	(89,707)	(345)	-	-	-	-	(90,052)
Furniture and fixtures	(4,966,826)	(403,540)	12,030	-	-	-	(5,358,336)
	(5,056,533)	**(7,214,040)**	**19,495**	**-**	**5,216,810**	**-**	**(7,034,268)**
Net book value	**166,092,031**						**184,864,536**

During the year ended 31 December 2018, a significant portion of the additions to property, plant and equipment consist of spare parts for machinery for sanitary paper production.

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NOTE 11 - PROPERTY, PLANT, EQUIPMENT AND RIGHT OF USE ASSETS (Continued)

a) Right of Use Assets

	1 January 2019	Changes effects in accounting polities	Additions	31 December 2019
Motor vehicles	-	2,201,549	-	2,201,549
Less: Accumulated depreciation	-	-	(576,720)	(576,720)
Net book value	**-**	**2,201,549**	**(576,720)**	**1,624,829**

Current year's depreciation and amortization costs amounting to TL8,010,382 (2018: TL6,336,754) are charged to production cost and TL528,383 (2018: TL384,409 to general administrative expenses (Note 23.b), TL913,631 (2018: TL497,627) to marketing expenses (Note 23.a) and TL129,422 (2018: TL97,727) to research and development expenses (Note 23.c).

As of 31 December 2019, the Company does not have any property, plant and equipment that has pledges or mortgages.

Movements in revaluation reserve related to land, buildings and land improvements, machinery and equipment as of 31 December 2019 and 2018 were as follows:

	31 December 2019	31 December 2018
1 January	**103,325,983**	**94,163,591**
Depreciation transfer resulting from revaluation increase classified to retained earnings	(4,674,170)	(3,692,505)
Deferred tax calculated on the depreciation of the revaluation fund classified in retained earnings	934,834	738,502
Disposal from revaluation reserve due to sales of property, plant and equipment - net	11,250,377	-
Increase in revaluation reserve of machinery, plant and equipment - net	-	12,116,395
31 December	**110,837,024**	**103,325,983**

The carrying amounts of each class of property, plant and equipment that would have been recognised if the assets have been carried under the cost model as at 31 December 2019 and 2018 are as follows:

31 December 2019:	Land	Buildings and land improvements	Machinery and equipment
Cost	741,930	23,502,316	127,663,445
Less: Accumulated depreciation	-	(15,895,635)	(81,228,805)
Net book value	**741,930**	**7,606,681**	**46,434,640**

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NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

31 December 2018:	Land	Buildings and land improvements	Machinery and equipment
Cost	741,930	22,286,239	121,293,558
Less: Accumulated depreciation	-	(14,252,217)	(74,406,441)
Net book value	**741,930**	**8,034,022**	**46,887,117**

NOTE 12 - INTANGIBLE ASSETS

	1 January 2019	Additions	31 December 2019
Cost	3,085,342	228,691	3,314,033
Less: Accumulated depreciation	(2,320,812)	(112,048)	(2,432,860)
Net book value	**764,530**		**881,173**

	1 January 2018	Additions	31 December 2018
Cost	2,924,714	160,628	3,085,342
Less: Accumulated depreciation	(2,218,335)	(102,477)	(2,320,812)
Net book value	**706,379**		**764,530**

NOTE 13 - LEASING LIABILITIES

Please refer to Note 15.

NOTE 14 - IMPAIRMENT ON ASSETS

Please refer to Note 7.a.

NOTE 15 - BORROWINGS AND BORROWING COSTS

	31 December 2019	31 December 2018
Short-term borrowings	65,864,503	5,000,000
Short-term portion of long-term borrowings	31,409,037	48,586,638
Short-term finance lease payables	651,197	77,517
Short-term financial liabilities	**97,924,737**	**53,664,155**
Long-term borrowings	47,112,475	45,329,933
Long-term finance lease payables	1,110,236	6,955
Long-term financial liabilities	**48,222,711**	**45,336,888**
Total financial liabilities	**146,147,448**	**99,001,043**

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

NOTE 15 - BORROWINGS AND BORROWING COSTS (Continued)

a) Bank loans:

	Effective weighted average interest rate p.a. (%)		Original currency		TL equivalent	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Short-term borrowings:						
TL borrowings (*)	16.38	26.10	65,864,503	5,000,000	65,864,503	5,000,000
Short-term portion of long-term borrowings:						
TL borrowings (**)	15.27	15.33	31,409,037	48,586,638	31,409,037	48,586,638
Total short-term borrowings					**97,273,540**	**53,586,638**
Long-term borrowings:						
TL borrowings (**)	13.99	14.46	47,112,475	45,329,933	47,112,475	45,329,933
Total long-term borrowings					**47,112,475**	**45,329,933**
Total borrowings					**144,386,015**	**98,916,571**

(*) TL denominated short-term bank borrowings consist of borrowings with fixed interest rates between 13% and 26.40% p.a. (2018: 14.90% and 27.00%).

(**) TL denominated long-term bank borrowings consist of borrowings with fixed interest rates between 11.90% and 18.31% p.a. (2018: 11.90% and 23.41%).

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NOTE 15 - BORROWINGS AND BORROWING COSTS (Continued)

Guarantees given for bank borrowings and other financial liabilities are disclosed in Note 17.

The redemption schedule of long-term borrowings as of 31 December 2019 and 2018 are as follows:

	31 December 2019	31 December 2018
2020	-	28,074,601
2021	35,357,076	14,071,361
2022	7,469,684	3,183,971
2023	4,285,715	-
	47,112,475	**45,329,933**

The carrying amounts and the fair values of bank loans and derivative financial instruments are as follows:

	Carrying Amount		Fair Value	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Bank borrowings	143,437,370	98,916,571	150,319,745	90,973,696

The fair values are based on cash flows discounted using the effective weighted rates based on the borrowing rate of 10.32% p.a. for TL denominated bank borrowings, respectively (2018: The fair values are based on cash flows discounted using the effective weighted rates based on the borrowing rate of 21.37% p.a. for TL denominated bank borrowings, respectively).

The movement schedule of net borrowings as of 31 December 2019 and 2018 are as follows:

	2019	2018
1 January	**92,696,190**	**90,617,511**
Cash inflows from borrowings	173,953,461	70,920,000
Cash outflows from borrowings	(127,323,365)	(64,265,785)
Exchange rate differences	(1,238,349)	(395,510)
Effect of interest accrual	(870,948)	-
Change in cash and cash equivalents	816,306	(4,180,026)
31 December	**138,033,295**	**92,696,190**

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NOTE 16 - OTHER FINANCIAL LIABILITIES

None (2018: None).

NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	31 December 2019	31 December 2018
a) Short term provisions:		
Provisions for lawsuit	572,776	585,604
	572,776	**585,604**

Movements of provisions for lawsuit in current period are as follows:

1 January	**585,604**	**193,560**
Provision allocated in the period	-	392,044
Provisions of lawsuit no longer required	(12,828)	-
31 December	**572,776**	**585,604**

b) Guarantees received:		
Bails	143,154,623	91,544,204
Letters of guarantee	25,203,126	22,170,605
Mortgages	1,476,800	1,476,800
	169,834,549	**115,191,609**

Bails received as of 31 December 2019, from Yaşar Holding, YBP, YDT and Desa Enerji which are Yaşar Holding companies, are related to the loans obtained from domestic financial institutions amounting to TL143,154,623 (2018: TL91,544,204).

Since the bails received are based on the borrowings provided by the Company, their periods are limited with the periods of the related borrowings.

c) Guarantees given:		
Letters of guarantee	5,172,357	4,453,658
	5,172,357	**4,453,658**

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NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

The collaterals, pledges and mortgages ("CPM") position of the Company for the years ended 31 December 2019 and 2018 were as follows:

	31 December 2019			31 December 2018		
	Currency	**Amount**	**TL Equivalent**	**Currency**	**Amount**	**TL Equivalent**
CPM provided by the Company:						
A. Total amount of CPM given on behalf of the Company			*5,172,357*			*4,453,658*
	TL	*5,172,357*	*5,172,357*	*TL*	*4,453,658*	*4,453,658*
	-	-	-	-	-	-
B. Total amount of CPM given on behalf of fully consolidated companies	-	-	-	-	-	
C. Total amount of CPM given for continuation of its economic activities on behalf of third parties	-	-	-	-	-	
D. Total amount of other CPM	-	-	-	-	-	
i. Total amount of CPM given on behalf of the main shareholder	-	-	-	-	-	
ii. Total amount of CPM given on behalf other group companies which are not in scope of B and C	-	-	-	-	-	
iii. Total amount of CPM given on behalf of third parties which are not in scope of C	-	-	-	-	-	
	-	**-**	**5,172,357**	**-**	-	**4,453,658**
The ratio of total amount of other CPM to equity			0%			0%

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

NOTE 18 - EMPLOYEE BENEFITS

	31 December 2019	31 December 2018
a) Payables for employee benefits:		
Social security premiums payable	484,672	415,196
Payables to personnel	744	3,475
	485,416	**418,671**
b) Long-term provisions for employee benefits:		
Provision for employment termination benefits	5,726,331	4,491,214
Senior incentive bonus	313,493	277,727
	6,039,824	**4,768,941**

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

The amount payable consists of one month's salary for each year of service and is limited to TL6,379.86 at 31 December 2019 (31 December 2018: TL5,434.42).

The liability for termination benefits is not legally subject to any funding and there are no funding requirements. Provision for employment termination benefits is calculated by estimating the present value of the future probable obligation of the employees to be paid in the event of retirement, based on the actuarial assumptions.

The basic assumption is that the ceiling set 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 Company's provision for employment termination benefits is calculated as TL6,730.15 (1 January 2019: TL6,017.60) effective from 1 January 2020 since the retirement pay provision is set every six months. The following actuarial assumptions were used to calculate the total liability:

	31 December 2019	31 December 2018
Discount rate (p.a.) (%)	5.00	5.00
Probability of retirement (%)	96.30	96.22

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NOTE 18 - EMPLOYEE BENEFITS (Continued)

The movement of the reserve for employment termination benefits during the year is as follows:

	2019	2018
1 January	**4,491,214**	**3,854,947**
Interest costs	699,185	740,152
Actuarial loss	909,561	1,017,659
Current service cost	488,586	405,746
Paid during the year	(862,215)	(1,527,290)
31 December	**5,726,331**	**4,491,214**

The total of interest cost and current service cost amounting to TL1,187,771 (2018: TL1,145,897) were allocated to general administrative expenses for TL488,586 and to financial expense for TL699,185.

NOTE 19 - EXPENSES BY NATURE

	1 January - 31 December 2019	1 January - 31 December 2018
Raw materials	113,707,389	118,347,563
Energy	31,362,953	25,117,811
Staff costs	19,651,778	17,982,761
Transportation	11,648,470	11,925,272
Repair and maintenance	10,243,498	8,436,567
Outsourced services	9,591,252	9,484,893
Depreciation and amortization	9,581,819	7,316,517
Consultancy charges	2,446,041	2,082,594
Advertisement	478,822	658,457
Other	7,502,922	9,954,937
	216,214,944	**211,307,372**

NOTE 20 - OTHER ASSETS AND LIABILITIES

	31 December 2019	31 December 2018
a) Other current assets:		
Value Add Tax "VAT" receivable	1,590,512	1,210,452
Other	15,591	1,430
	1,606,103	**1,211,882**

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NOTE 21 - SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

The Company adopted the registered share capital system available to companies registered with the CMB and set a limit on its registered share capital representing registered type shares with a nominal value of Kr1. The Company's historical authorised registered share capital at 31 December 2019 and 2018 are as follows:

	31 December 2019	31 December 2018
Registered share capital (historical values)	80,000,000	80,000,000
Authorised and paid-up share capital with a nominal value	42,000,000	42,000,000

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

The compositions of the Company's share capital at 31 December 2019 and 2018 were as follows:

	31 December 2019		31 December 2018	
Shareholders	**Share (%)**	**Share Amount (TL)**	**Share (%)**	**Share Amount (TL)**
Yaşar Holding	78.48	32,962,049	78.48	32,962,049
Public quotation	17.77	7,462,887	17.77	7,462,887
Other	3.75	1,575,064	3.75	1,575,064
Total share capital	**100**	**42,000,000**	**100**	**42,000,000**

The Company has 4,200,000,000 (31 December 2018: 4,200,000,000) units of shares with a face value of Kr1 each and there is no privilege given to different share groups and shareholders as of 31 December 2019.

As of 31 December 2019, share premium amounting to TL253,929 (2018: TL253,929) represents the difference between face value and selling price of common stocks offered to the public.

The legal reserves consists of first and second legal reserves appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserves reaches a maximum of 20% of the Company's share capital. The second legal reserve is appropriated at the rate of 10% off all distributions in excess of 5% of the Company's share capital. Under TTC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid in share capital.

The aforementioned reserves were accounted for under "Restricted Reserves" in accordance with CMB Financial Reporting Standards. The Company has no restricted reserves as of 31 December 2019 (2018: None).

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NOTE 21 - SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

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

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

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

Companies distribute dividends in accordance with their dividend payment policies numbered II-19.1 settled by CMB on 1 February 2016.

NOTE 22 - REVENUE AND COST OF SALES

	1 January - 31 December 2019	1 January - 31 December 2018
Domestic sales	197,535,410	167,655,490
Export sales	74,560,116	86,967,311
Less: Discounts	(47,383,873)	(24,069,565)
Returns (-)	(665,493)	(374,301)
Net sales	**224,046,160**	**230,178,935**
Cost of sales (-)	**(182,233,988)**	**(177,004,473)**
Gross profit	**41,812,172**	**53,174,462**

NOTE 23 - GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES AND RESEARCH AND DEVELOPMENT EXPENSES

	1 January - 31 December 2019	1 January - 31 December 2018
a) Marketing expenses:		
Transportation	11,589,663	11,881,243
Personnel	3,427,786	3,142,589
Commission	2,305,299	2,542,477
Outsourced services	1,954,943	1,762,413
Depreciation and amortisation	913,631	497,627
Licence	859,184	804,354
Advertisement	478,822	658,457
Energy	361,486	356,451
Rent	158,631	583,878
Other	730,665	743,459
	22,780,110	**22,972,948**

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NOTE 23 - GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES AND RESEARCH AND DEVELOPMENT EXPENSES

	1 January - 31 December 2019	1 January - 31 December 2018
b) General administrative expenses:		
Personnel	3,157,458	3,065,809
Consultancy	2,446,041	2,082,594
Outsourced services	1,570,992	1,795,614
Depreciation and amortisation	528,383	384,409
Employment termination benefit	488,586	405,746
Energy	288,913	275,866
Representation	210,770	207,515
Tax (other than corporation tax)	141,557	751,925
Other	989,641	1,241,601
	9,822,341	**10,211,079**
c) Research and development expenses:		
Personnel	847,232	810,588
Outsourced services	346,147	158,924
Depreciation and amortisation	129,422	97,727
Other	55,704	51,633
	1,378,505	**1,118,872**

NOTE 24 - OTHER OPERATING INCOME AND EXPENSES

	1 January - 31 December 2019	1 January - 31 December 2018
a) Other operating income:		
Foreign exchange gain arising from trading activities	6,204,755	26,985,831
Scrap sales income	342,576	392,276
Unutilised provision for doubtful receivables	26,619	-
Other	435,214	1,423,700
	7,009,164	**28,801,807**
b) Other operating expenses:		
Foreign exchange loss arising from trading activities	(13,181,496)	(46,761,686)
Interest expense	(1,362,884)	(593,155)
Litigation and tax expenses	(31,812)	(662,482)
Other	(128,836)	(917,300)
	(14,705,028)	**(48,934,623)**

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NOTE 25 - INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

Income from investment activities:	**1 January - 31 December 2019**	**1 January - 31 December 2018**
Gain on property, plant and equipment sale	37,517	120,291
Dividend income	26,744	13,704
	64,261	**133,995**

NOTE 26 - EXPENSES CLASSIFIED BY CLASS

Please refer to Note 19.

NOTE 27 - FINANCIAL INCOME/ (EXPENSES)

a) Finance income:	**1 January - 31 December 2019**	**1 January - 31 December 2018**
Foreign exchange gain	1,025,248	4,646,956
Interest income	283,045	256,432
	1,308,293	**4,903,388**

b) Finance expense:

Interest expense	(27,193,157)	(16,899,047)
Bail expense and bank commissions	(4,094,695)	(3,475,344)
Foreign exchange gain	(2,774,506)	(2,250,151)
Past due interest charges	(1,192,475)	(119,756)
	(35,254,833)	**(22,744,298)**

NOTE 28 - ANALYSIS OF OTHER COMPREHENSIVE INCOME

Please see the Income Statement.

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NOTE 29 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

Tax income for the periods ended at 31 December 2019 and 2018 are summarised as follows:

	1 January - 31 December 2019	1 January - 31 December 2018
Less: Prepaid corporate tax	(84,634)	(31,696)
Current income tax assets	**(84,634)**	**(31,696)**

Tax income for the periods ended at 31 December 2019 and 2018 are summarised as follows:

Deferred tax (expense)/income	224,204	(368,763)
Total tax (expense)/income	**224,204**	**(368,763)**

Corporation tax is payable at a rate of 22% (2018: 22%) on the total income of the companies registered in Turkey after adjusting for certain disallowable expenses, exempt income (e.g. income from associates exemptions, investment incentive allowance exemptions) and investment and other allowances (e.g. research and development allowance). No further tax is payable unless the profit is distributed.

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15% (2018: 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% (2018: 20%) on their corporate income. Advance tax is payable by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. If, despite offsetting, there remains an amount for advance tax amount paid, it may berefunded or offset against other liabilities to the government.

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

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

In Corporate Tax Law, there has been settled a number of exemptions for companies, of which the Company may benefit are explained as follows:

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NOTE 29 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Continued)

According to Turkish Corporate Income Tax Law numbered 5520, effective from 5 December 2017, a 50% portion of the gains derived from the sale of preferential rights, usufruct shares and founding shares from investment equity and real property, which has remained in assets for more than two full years are exempt from corporate tax as of 5 December 2017. To be entitled to the exemption, the relevant gain is required to be held in a fund account in the liabilities and it must not be withdrawn from the entity for a period of five years. The sales consideration has to be collected up until the end of the second calendar year following the year the sale was realised.

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.

Stock issuance premium gains derived from corporations' profits earned from the sale of initial coupons and from the exclusion of the nominal value of the stocks issued by the joint stock companies in the course of their incorporation or capital increase are exempt from corporation 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.

Transfer Pricing

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

If a taxpayer enters into transactions regarding the sale or purchase of goods and services with related parties, where the prices are not set in accordance with the arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. The profit distributed in a disguised manner through transfer pricing completely or partially in the last day of the fiscal period when the circumstances defined in the 13th article occurred , will be assessed as distributed profit share or transferred amount to headquarter for limited taxpayers. After the distributed profit share is considered as net profit share and complemented to gross amount, deemed profit will be subject to corporate tax. Previous taxation processes will be revised accordingly by taxpayer who distributes disguised profit. In order to 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.

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NOTE 29 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Continued)

The reconciliation of the tax expense for the periods between 1 January - 31 December 2019 and 2018 are as follows:

	1 January - 31 December 2019	**1 January - 31 December 2018**
Loss before tax	**(33,746,927)**	**(18,968,168)**
Tax calculated using the current tax rate	7,424,324	4,172,997
Non-deductible expenses	(798,288)	(491,048)
Income not subject to tax	108,762	277,498
Current period loss over which no deferred income tax asset was recognized	(7,374,999)	(4,240,866)
Other	864,405	(87,344)
Total tax (expense)/ income	**224,204**	**(368,763)**

Deferred taxes

The Company calculates deferred income tax assets and liabilities based on temporary differences arising between financial statements prepared in accordance with CMB Financial Reporting Standards and financial statements prepared according to Turkish legislation.

In accordance with the Law on the Amendment of Certain Tax Acts, published in the Official Gazette dated 5 December 2017, the corporate tax rate of all companies has been increased from 20% to 22% for the years 2018, 2019 and 2020. Therefore, deferred tax assets and liabilities shall be measured in accordance with materiality at the tax rate of 22% that are expected to apply to these periods when the assets is realised or the liability is settled, based on the Law that have been enacted. For the periods 2021 and after, the reversals of temporary differences will be measured by 20% (2018: %20).

In terms of prudency principle the Company used 20% tax rate for the calculation of deferred tax by considering these factors: the Company does not recognize deferred tax assets due to carry forward tax lossess and expect that temporary differences for the years 2018, 2019 and 2020 subject to deferred tax calculation would be immaterial.

Details of cumulative temporary differences and the resulting deferred tax assets and liabilities provided at 31 December 2019 and 2018, using enacted tax rates at the balance sheet dates, were as follows:

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NOTE 29 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Continued)

	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Revaluation of land, land improvements, buildings, machinery and equipment	136,351,601	123,125,505	(20,840,401)	(19,799,522)
Difference between carrying values (excluding revaluation reserve) and tax bases of property, plant and equipment and intangible assets	16,485,845	11,910,721	(3,328,446)	(2,413,421)
Provision for employment termination benefits	(5,726,331)	(4,491,214)	1,145,266	898,243
Other	(421,772)	210,642	92,790	(46,490)
Deferred income tax assets/liabilities - net			**(22,930,791)**	**(21,361,190)**

The Company did not recognise deferred income tax assets of TL15,340,691 (2018: TL8,989,115) arising from tax losses carried forward, certain temporary differences between the tax base and the carrying value of property, plant, equipment and intangible assets and impairment on financial assets as their future utilisation is not virtually certain.

Years of expiration of tax losses carried forward over which no deferred income tax assets were not recognised as of 31 December 2019 and 2018 are as follows:

Expiration years	31 December 2019	31 December 2018
2019	-	4,511,279
2020	9,688,280	9,688,280
2021	4,996,917	4,996,917
2022	6,472,433	6,472,433
2023	19,276,664	19,276,664
2024	29,296,120	-
	69,730,414	**44,945,573**

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

	2019	2018
1 January	**(21,361,190)**	**(18,166,860)**
Calculated on revaluation fund	(1,975,719)	(3,029,099)
Charged to actuarial gain/loss arising from defined benefit plans	181,912	203,532
Charged to statement of comprehensive income	224,204	(368,763)
31 December	**(22,930,793)**	**(21,361,190)**

According to the amendment to Turkish Corporate Income Tax Law numbered 5520, effective from 5 December 2017, the portion the gains derived from the sale real estate are exempt from corporate tax is decreased from 75% to 50%. Accordingly, the sale of real estate in the years 2018, 2019 and 2020 the corporate tax and deferred tax calculations calculated for the earnings gained were calculated as 22% of the remaining 50% , 20% of the remaining 50% for 2021 and later periods.

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NOTE 30 - LOSS PER SHARE

Loss per share declared in the statement of comprehensive income is derived by dividing the loss for the current year by the weighted average number of ordinary shares in issue during the year.

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

		1 January - 31 December 2019	**1 January - 31 December 2018**
Net loss for the period	A	(33,522,723)	(19,336,931)
Weighted average number of shares with face value of Kr1 each (Note 21)	B	4,200,000,000	4,200,000,000
Loss per 100 shares with face value of Kr1 each	**A/B**	**(0.7982)**	**(0.4604)**

There is no difference between actual and relative loss per share in any periods.

NOTE 31 - EFFECTS OF CHANGES IN FOREIGN CURRENCY RATES

Transactions in foreign currencies are translated into functional currency at the exchange rates at which transactions are performed. Foreign exchange gains and losses arising from the settlement of such transactions and translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognized as cash flow hedges and net investment hedges and are recognized in profit or loss other than those accounted under equity and are included in other income and expenses, income and expenses from investment activities, finance income and expenses.

The exchange rate risk analysis of the Company is presented in Note 35.c.i.

NOTE 32 - REPORTING IN HYPERINFLATIONARY ECONOMIES

With the decision taken on 17 March 2005, numbered 11/367, the CMB announced that, effective from 1 January 2006, the application of inflation accounting is no longer required for companies operating and publicly quoted in Turkey. Accordingly, TAS 29, "Financial Reporting in Hyperinflationary Economies", issued by the POA, has not been applied in the financial statements for the accounting year starting from 1 January 2006.

NOTE 33 - FINANCIAL INSTRUMENTS

Please refer to Note 2.5.7 and 3.

NOTE 34 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks: foreign exchange risk, cash flow risk, market risk composed of 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 provides principles for overall risk management as well as policies covering specific areas, such as foreign exchange risk, interest rate risk and capital risk and closely monitors financial and operational risks.

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

- Safeguarding the Company's core earnings stream from its major assets through the effective control and management of foreign exchange risk and interest rate risk,

- Effective and efficient usage of credit facilities in both the short and long term through the adoption of reliable liquidity management planning and procedures,

- Effective monitoring and minimizing risks sourced from counterparts.

a) Credit risk:

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements and in turn credit risk arises from deposits in banks, other cash equivalents, due from related parties and other trade receivables, as well as holding financial assets, credit risk of counterparties sourced from agreements. The Company manages these risks, by limiting the average risk of counterparts (excluding related parties) in each agreement and by taking guarantees, if necessary. The Company manages this risk from dealers and direct customers by limiting the credits according to the amount of the contingencies taken and updating the contingencies' amounts frequently. The credit quality of each customer is reevaluated frequently on the basis of the financial position of the customer, past experiences and other factors. Trade receivables are evaluated by the Company management on the basis of past experiences and current economic conditions and presented in the balance sheet net of any doubtful provision. A major part of the exporting activities of the Company is performed by YDT and trade receivables resulted from these sales are monitored by YDT. The Company management believes that credit risk arises from receivables is well managed. The credit risk analysis according to financial instrument types as of 31 December 2019 and 2018 are as follows:

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NOTE 34 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

31 December 2019	Receivables					
	Trade Receivables (1)		Other Receivables			
	Related Parties	Third Parties	Related Parties	Third Parties	Bank Deposits and Other Cash Equivalents	Total
Maximum amount of credit risk exposed as of reporting date (A+B+C+D+E) (2)	**5,223,754**	**35,727,359**	**-**	**233,183**	**5,403,802**	**46,588,098**
- The part of maximum credit risk covered with guarantees	-	13,233,461	-	-	-	13,233,461
A. Net book value of financial assets not due or not impaired (3)	4,310,403	34,004,935	-	233,183	5,403,802	43,983,323
B. Net book value of financial assets whose conditions are renegotiated, otherwise will be classified as past due or impaired (3)	-	-	-	-	-	-
C. Net book value of assets past due but not impaired (3)	882,351	1,722,424	-	-	-	2,604,775
- The part covered by guarantees	-	646,452	-	-	-	646,452
D. Net book value of assets impaired	-	-	-	-	-	-
- Past due amount (gross book value)	-	4,490,211	-	-	-	4,490,211
- Impairment amount (-)	-	(4,490,211)	-	-	-	(4,490,211)
- The part covered by guarantees	-	-	-	-	-	-
- Not due (gross book value)	-	-	-	-	-	-
- Impairment amount (-)	-	-	-	-	-	-
- The part of net value covered with guarantees etc.	-	-	-	-	-	-
E. Off-balance items exposed to credit risk	-	-	-	-	-	-

(1) The company receivables are mainly derived from purchase of semi-finished and finished sanitary papers.

(2) Factors increasing credit reliability such as guarantees received are not taken into consideration while determination of aforementioned amounts.

(3) Considering the past experiences and collections subsequent to the balance sheet date, the Company management does not foresee any collection problem for overdue receivables and overdue analysis are provided in following tables.

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NOTE 34 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

31 December 2018	**Receivables**					
	Trade Receivables (1)		**Other Receivables**			
	Related Parties	**Third Parties**	**Related Parties**	**Third Parties**	**Bank Deposits and Other Cash Equivalents**	**Total**
Maximum amount of credit risk exposed as of reporting date (A+B+C+D+E) (2)	**10,341,432**	**23,962,606**	**1,795,375**	**193,449**	**6,219,823**	**42,512,685**
- The part of maximum credit risk covered with guarantees, etc.	-	17,385,198	-	-	-	17,385,198
A. Net book value of financial assets not due or not impaired (3)	8,032,712	22,062,647	1,795,375	193,449	6,219,823	38,304,006
B. Net book value of financial assets whose conditions are renegotiated, otherwise will be classified as past due or impaired (3)	-	-	-	-	-	-
C. Net book value of assets past due but not impaired (3)	2,308,720	1,899,959	-	-	-	4,208,679
- The part covered by guarantees	-	274,302	-	-	-	274,302
D. Net book value of assets impaired	-	-	-	-	-	-
- Past due amount (gross book value)	-	4,516,830	-	-	-	4,516,830)
- Impairment amount (-)	-	(4,516,830)	-	-	-	(4,516,830
- The part covered by guarantees	-	-	-	-	-	-
- Not due (gross book value)	-	-	-	-	-	-
- Impairment amount (-)	-	-	-	-	-	-
- The part of net value covered with guarantees etc.	-	-	-	-	-	-
E. Off-balance items exposed to credit risk	-	-	-	-	-	-

(1) The company receivables are mainly derived from purchase of semi-finished and finished sanitary papers.

(2) Factors increasing credit reliability such as guarantees received are not taken into consideration while determination of aforementioned amounts.

(3) Considering the past experiences and collections subsequent to the balance sheet date, the Company management does not foresee any collection problem for overdue
receivables and overdue analysis are provided in following tables.

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NOTE 34 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

The aging of overdue trade receivables as of 31 December 2019 and 2018 are as follows:

31 December 2019	**Trade Receivables**		
	Related Parties	**Third Parties**	**Total**
1 - 30 days overdue	184,078	1,083,209	1,267,287
1 - 3 months overdue	3,494	401,800	405,294
3 - 12 months overdue	694,779	237,415	932,194
The amount covered by guarantees	-	(646,452)	(646,452)
	882,351	**1,722,424**	**2,604,775**

As of the date of approval of the financial statements, all of the receivables that are past due but not impaired are collected.

31 December 2018	**Trade Receivables**		
	Related Parties	**Third Parties**	**Total**
1 - 30 days overdue	2,068,456	1,899,959	3,968,415
1 - 3 months overdue	80,451	-	80,541
3 - 12 months overdue	159,813	-	159,813
The amount covered by guarantees	-	(274,302)	(274,302)
	2,308,720	**1,899,959**	**4,208,764**

b) Liquidity risk:

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

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

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NOTE 34 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

The Company's liquidity analysis in respect of categories of financial liabilities as of 31 December 2019 and 2018 are as follows:

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:					
Non-Derivative Financial Liabilities:					
Financial liabilities	146,147,448	165,616,979	40,199,583	70,439,544	54,977,852
Trade payables	80,491,642	80,491,642	80,491,642	-	-
	226,639,090	**246,108,621**	**120,691,225**	**70,439,544**	**54,977,852**

31 December 2018:	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:					
Non-Derivative Financial Liabilities:					
Financial liabilities	99,001,043	118,033,144	10,598,818	55,622,911	51,811,415
Trade payables	111,533,445	110,720,527	57,932,240	52,788,287	-
	210,534,488	**228,753,671**	**68,531,058**	**108,411,198**	**51,811,415**

c) Market risk:

i) Foreign currency 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. Current risks are discussed by the Audit Committee and Board of Director regularly and the foreign exchange rates relevant to the foreign currency position of the Company are followed up. When necessary, derivative financial instruments (swap contracts) are used as a tool to hedge the foreign exchange risk.

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NOTE 34 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

	Foreign Currency Position							
	31 December 2019				31 December 2018			
	TL Equivalent	USD	EUR	Other	TL Equivalent	USD	EUR	Other
1. Trade Receivables	4,765,107	469,843	141,082	1,035,863	7,121,028	574,472	79,293	3,620,811
2a. Monetary Financial Assets (Cash, Bank accounts included)	665,464	107,513	1,358	17,781	4,630,673	846,665	22,538	40,636
2b. Non-Monetary Financial Assets	-	-	-	-	-	-	-	-
3. Other	-	-	-	-	-	-	-	-
4. Current Assets (1+2+3)	**5,430,571**	**577,356**	**142,440**	**1,053,644**	**11,751,738**	**1,421,137**	**101,831**	**3,661,447**
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)	**5,430,571**	**577,356**	**142,440**	**1,053,644**	**11,751,738**	**1,421,137**	**101,831**	**3,661,447**
10. Trade Payables	51,664,111	5,472,189	2,880,171	3,348	88,284,638	16,651,207	113,047	2,858
11. Financial Liabilities	-	-	-	-	-	-	-	-
12a. Other Monetary Liabilities	-	-	-	-	-	-	-	-
12b. Other Non-Monetary Liabilities	-	-	-	-	-	-	-	-
13. Short-Term Liabilities ((10+11+12)	**51,664,111**	**5,472,189**	**2,880,171**	**3,348**	**88,284,638**	**16,651,207**	**113,047**	**2,858**
14. Trade Payables	-	-	-	-	-	-	-	-
15. . Financial Liabilities	-	-	-	-	-	-	-	-
16a. Other Monetary Liabilities	-	-	-	-	-	-	-	-
17. Long-Term Liabilities (14+15+16)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
18. Total Liabilities (13+17)	**51,664111**	**5,472,189**	**2,880,171**	**3,348**	**88,284,638**	**16,651,207**	**113,047**	**2,858**
19. Net Asset/(Liability) Position of Off – Balance Sheet Derivative Instruments (19a-19b)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
19a. Amount of Foreign Currency Denominated Assets Hedged	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
19b. Amount of Foreign Currency Denominated Liabilities Hedged	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
20. Net Foreign Currency (Liability) /Asset Position (9-18+19)	**(46,233,540)**	**(4,894,833)**	**(2,737,731)**	**1,050,296**	**(76,532,900)**	**(15,230,070)**	**(11,216)**	**3,658,589**
21. Net Foreign Currency Asset/Liability Position of Monetary Items (=1+2a+3+5+6a-10-11-12a-14-15-16a)	**(46,233,540)**	**(4,894,833)**	**(2,737,731)**	**1,050,296**	**(76,532,900)**	**(15,230,070)**	**(11,216)**	**3,658,589**
22. Amount of Foreign CurrencyDenominated Liabilities Hedged								
23. Export	**74,560,116**	**4,874,486**	**1,805,590**	**36,072,545**	**86,967,311**	**5,490,388**	**2,722,834**	**43,162,736**
24. Import	**62,599,628**	**9,623,760**	**1,312,961**	**199,995**	**85,159,450**	**17,178,891**	**803,623**	**116,873**

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NOTE 34 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

As of 31 December 2019 and 2018, the sensitivity analysis of exchange rate risk are as follows:

Table of Sensitivity Analysis for Foreign Currency Risk

31 December 2019	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	(2,907,629)	2,907,629	(2,907,629)	2,907,629
2- The part of USD risk hedged (-)	-	-	-	-
3- USD Effect - net (1+2)	**(2,907,629)**	**2,907,629**	**(2,907,629)**	**2,907,629**
Change of EUR by 10% against TL:				
4- Asset/liability denominated in EUR - net	(1,820,755)	1,820,755	(1,820,755)	1,820,755
5- The part of EUR risk hedged (-)	-	-	-	-
6- EUR Effect - net (4+5)	**(1,820,755)**	**1,820,755**	**(1,820,755)**	**1,820,755**
Change of other currencies by 10% against TL:				
7- Asset/liability denominated in other currencies - net	105,030	(105,030)	105,030	(105,030)
8- The part of other currency risk hedged (-)	-	-	-	-
9- Other Foreign Currencies Effect - net (7+8)	**105,030**	**(105,030)**	**105,030**	**(105,030)**
TOTAL (3+6+9)	**(4,623,354)**	**4,623,354**	**(4,623,354)**	**4,623,354**

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NOTE 34 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

Table of Sensitivity Analysis for Foreign Currency Risk (Continued)

31 December 2018	**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	(8,012,388)	8,012,388	(8,012,388)	8,012,388
2- The part of USD risk hedged (-)	-	-	-	-
3- USD Effect - net (1+2)	**(8,012,388)**	**8,012,388**	**(8,012,388)**	**8,012,388**
Change of EUR by 10% against TL:				
4- Asset/liability denominated in other currencies- net	(6,761)	6,761	(6,761)	6,761
5- The part of EUR risk hedged (-)	-	-	-	-
6- EUR Effect - net (4+5)	**(6,761)**	**6,761**	**(6,761)**	**6,761**
Change of other currencies by 10% against TL:				
7- Asset/liability denominated in other currencies- net	365,859	(365,859)	365,859	(365,859)
8- The part of other currency risk hedged (-)	-	-	-	-
9- Other Foreign Currencies Effect - net (7+8)	**365,859**	**(365,859)**	**365,859**	**(365,859)**
TOTAL (3+6+9)	**(7,653,290)**	**7,653,290**	**(7,653,290)**	**7,653,290**

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NOTE 34 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

ii) Interest rate risk:

The Company is exposed to interest rate risk due to the effects of changes in interest rates on interest bearing assets and liabilities. The Company's interest risk is mainly due to long-term bank loans. Bank loans with variable interest rates and other financial liabilities constitute the interest rate risk for the Company and this risk is partially covered by the floating rate financial assets. The Company management follows a balancing policy between floating interest rate financial assets and liabilities to reduce interest risk.

	Interest Rate Position Schedule	
	31 December 2019	**31 December 2018**
Financial instruments with fixed interest rate		
Financial assets	46,588,371	42,513,243
Financial liabilities	249,029,566	211,877,177

iii) Price risk:

The operational profitability of the Company and the cash flows provided from the operations are affected by the sanitary paper sector which are changing according to the competition in the relevant market and the changes in the raw material prices. These relevant prices are closely followed up by the Company management and Audit Committee to reduce the pressure of the costs on selling prices and necessary precautions for cost reductions are taken accordingly. The Company has not used derivative instruments or entered into a similar agreement. Price risk is monitored by Board of Directors and Audit Committee via regular meetings.

d) Capital risk management:

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns and benefits for shareholders; 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 its capital on the basis of debt to equity ratio and assessing earnings before interest, tax, depreciation and amortisation ("EBITDA") fluctuations. Debt to equity ratio is calculated as net debt divided by total capital. Net debt is calculated as total payables (including borrowings as presented in the balance sheet), less cash and cash equivalents.

	31 December 2019	**31 December 2018**
Total Financial Liabilities	146,147,448	99,001,043
Less: Cash and cash equivalents (Note 5)	(5,404,075)	(6,220,381)
Net debt	140,743,373	92,780,662
Total equity	4,842,108	27,665,736
Net debt/equity ratio	**2.907%**	**335%**

NOTE 35 - FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK MANAGEMENT DISCLOSURES)

The Company's financial assets and liabilities classified as available-for-sale investments and loans and receivables. Cash and cash equivalents (Note 5), trade receivables (Notes 6 and 7) and other receivables (Note 6), of the Company are classified as loans and receivables and measured at amortised cost using effective interest method. Available-for-sale investments are disclosed in Note 3. The Company's financial liabilities, classified as financial liabilities (Note 15), other financial liabilities (Note 16), trade payables (Note 7) and other payables (Note 6) are categorized as financial liabilities measured at amortized costs using effective interest method.

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

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies. However, judgment is used in the interpretation of market data to estimate 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 for which fair value could be determined:

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. Cash and cash equivalents are presented at fair values. The fair values of trade receivables are considered to approximate their carrying values due to their short-term nature. Available-for-sale financial assets are recognised at fair value when measurement is possible. However, available-for-sale financial assets that are not quoted on a stock exchange are considered to approximate their fair values, if any, by using the generally accepted valuation techniques.

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. Bank loans' carrying and fair values are disclosed in Note 15.

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

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

NOTE 35 - FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK MANAGEMENT DISCLOSURES) (Continued)

- 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).

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2019 and 2018:

31 December 2019

	Level 1	Level 2	Level 3 (*)	Total
Assets:				
Financial assets carried at fair value through other comprehensive income	-	-	404,168	404,168
Total assets	**-**	**-**	**404,168**	**404,168**

(*) See Note 3 for Level 3 Financial instruments.

31 December 2018

	Level 1	Level 2	Level 3 (*)	Total
Assets:				
Financial assets carried at fair value through other comprehensive income	-	-	227,802	227,802
Total assets	**-**	**-**	**227,802**	**227,802**

(*) See Note 3 for Level 3 Financial instruments.

The following table presents the Company's non-financial assets measured at fair value at 31 December 2019 and 2018:

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

NOTE 35 - FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK MANAGEMENT DISCLOSURES) (Continued)

31 December 2019

	Level 1	Level 2	Level 3	Total
Property Plant and Equipment:				
Land	-	55,380,000	-	55,380,000
Building and land improvements	-	34140,000	-	34,140,000
Machinery, plant and equipment	-	106,208,220	-	106,208,220
Total Assets	**-**	**195,728,220**	**-**	**195,728,220**

31 December 2018

	Level 1	Level 2	Level 3	Total
Property Plant and Equipment:				
Land	-	48,685,000	-	48,685,000
Building and land improvements	-	28,036,244	-	28,036,244
Machinery, plant and equipment	-	106,484,692	-	106,484,692
Total Assets	**-**	**183,205,936**	**-**	**183,205,936**

NOTE 36 - OTHER MATTERS THAT MAY HAVE A MATERIAL EFFECT ON, OR BE EXPLAINED FOR THE CLEAR UNDERSTANDING OF THE FINANCIAL STATEMENTS

The primary precautions and regulations that the Company management is planning to put into effect are as follows:

i. In 2020 the main goal will be to increase productivity through new structuring by reviewing the efficiency of the current work flows and operations while reinforcing intracompany productivity in line with the goals of sustainable growth and profitability.

- Due to increasing competition and the narrowing profit margin in the sanitary paper products industry, savings measures will be taken regarding fixed-cost items, in addition to taking actions that will increase income.
- Revenue and profitability will be increased by supporting profitable products instead of those with low profit margins.
- Sales channels with shorter collection periods and higher profitability will be focused on.
- Raw materials will be procured based on minimum inventory levels of each raw material group, and in this way the effective usage of resources will be ensured.

ii. Energy expenses, which make up a significant percentage of cost items, will decrease with the use of the cogeneration facility, and this will continue to have a positive impact on operational profitability.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

VİKİNG KAĞIT VE SELÜLOZ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2019
(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 36 - OTHER MATTERS THAT MAY HAVE A MATERIAL EFFECT ON, OR BE EXPLAINED FOR THE CLEAR UNDERSTANDING OF THE FINANCIAL STATEMENTS (Continued)

iii. The Company is among the firms in the sanitary paper products industry that have deinking facilities. The Company ensures its cost advantage compared to its rivals by recycling waste paper. Since the costs related to the waste paper used in the deinking facility are lower than the cost of using cellulose, focus will be placed on the sale of products that have this cost advantage.
iv. The Company plans to increase the capacity of the recycling facility with an investment planned for the last quarter of 2020.
v. As a result of all these actions, the Company aims for its operations to become more profitable in the next periods.
vi. The Company continues to negotiate with suppliers and potential suppliers of cellulose and waste paper to buy the raw materials that are most suitable for the production structure at the most advantageous prices.
vii. The Company continuously rehabilitates its dealers, taking into account risk and guarantee structures, and plans to continue working with dealers that can improve its products in the future. The company has been making and will continue to make dealer changes in this regard.
viii. The Company is trying to make the most suitable sales distribution, taking into account profitability, market risk and cash management, by evaluating Turkey's economic conditions, the company's long-term strategic plans and the cost structures of the channels.

In addition to these precautions, Yaşar Holding A.Ş., the parent company of the firm, guarantees to provide necessary resources and support for the Company to strengthen its financial structure, ensure it not to face any difficulties for paying its current trade and non-trade payables and make its payments on time. Moreover, the Company management prepared an interim balance sheet ("TCC 376 balance sheet") based on the possible sales prices of the Company's assets as per CMB decision No. 11/352 titled "Implementation of Article 376 of TCC No. 6102 from the Perspective of Publicly-Held Companies" dated 10 April 2014 and Article 376 of TCC. Within the scope of the valuation of the intangible assets in this TCC 376 balance sheet, the Company's brands were assessed by an independent professional valuer, and the Company management concluded no other precaution mentioned in TCC 376 will be necessary due to the positive effect (amounting to TL42 million) of this value on shareholders equity.

	31 December 2019
Total Current Assets	82.041.371
Total Non-Current Assets	244.503.046
Total Current Liabilities	202.278.981
Total Non-Current Liabilities	77.193.328
Total Equity	47.072.108

With regard to the TCC 376 balance sheet, as per the decision of the Board of Directors dated 27 February 2020, in line with CMB resolution No. 11/352, the Company decided to make a special circumstances disclosure dated 2 March 2020 on the Public Disclosure Platform. The Company management and the parent company believe that the precautions and regulations listed above will contribute positively to the Company's performance, and that, acting in line with these precautions, the Company will be able to continue operating for the foreseeable future.

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INFORMATION FOR INVESTORS

Stock Exchange
Shares of Viking Kağıt ve Selüloz A.Ş. are traded at Borsa Istanbul Main Market - Group 2 under the ticker symbol "VKING".

Public Offering Date: October 24, 1994

Ordinary General Assembly Meeting
As per the resolution by the Board of Directors of Viking Kağıt ve Selüloz A.Ş., the Company's Ordinary General Assembly Meeting will be held on March 26, 2020, Thursday at 10:00 at Kemalpaşa Caddesi No: 317 Pınarbaşı/Izmir.

Profit Distribution Policy
The profit distribution policy for 2013 and subsequent years prepared in accordance with the Capital Market Regulations of Viking Kağıt ve Selüloz A.Ş. has been submitted to the General Assembly for approval and has been publicly disclosed. The said information is available at Company's corporate website (www.viking.com.tr) in Turkish and English on the Investor Relations page.

At the Board Meeting of the Company dated March 2, 2020, it was decided that no profit distribution should be submitted to the approval of the Ordinary General Assembly due to the fact that the activities for the year 2019 have resulted in loss.

Investor Relations
Viking Kağıt ve Selüloz A.Ş.
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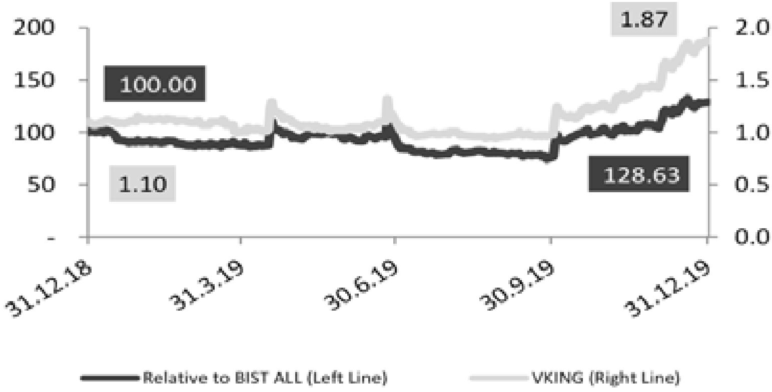
To access Viking Kağıt investor relations web site:

Viking Kağıt Share Performance (Compared to BIST ALL Index)



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