



VIKING
KAĞIT ve SELÜLOZ A.Ş.

VIKING KAĞIT

ANNUAL REPORT

20
21



for a better life



Relevant Accounting Period of the Report

01.01.2021 - 31.12.2021

Trade Name

Viking Kağıt ve Selüloz A.Ş.

Trade Registry and Number

Aliağa Ticaret Sicil No: 4963

Registered Equity Ceiling

TRY 80,000,000

Issued Capital

TRY 42,000,000

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www.lily.com.tr

facebook.com/lilyturkiye

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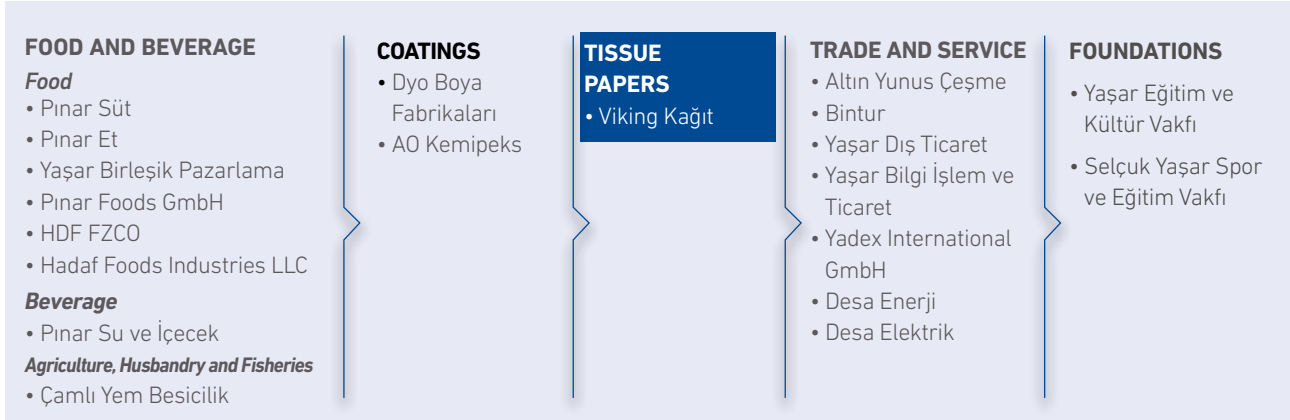


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One of the Hard Working, Producing, and Leading Groups of Turkey...



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

Leading Brands in Different Industries

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

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

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

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

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

An Approach That Values the Environment and Society

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

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

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

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



Dear Stakeholders,

Viking Kağıt, which started its operations 51 years ago as the “first private sector paper mill” in Turkey, continues its activities with an exemplary sense of responsibility, innovatively developing environmentally friendly practices.

In 2021, the Yaşar Group and Viking Kağıt suffered an unexpected loss. We are deeply saddened by the untimely loss of our brother Selim Yaşar. We will continue to work to improve the Yaşar Group on the path we have set out on together with the same determination.

The importance of hygiene and cleanliness in all areas of life once again manifested itself in complete clarity during the pandemic. As a company operating in the tissue papers industry, our most significant task has been to continue to produce without disrupting our business processes. While continuing service with our five-strong brands and over 80 products, we introduced Lily Lemon Cologne to the market according to consumer expectations. Our Company, which meets the domestic demand with Lily Premia, Lily, Senso, and Pufla branded toilet papers, towels, napkins, box wipes, and wet towels, continues to offer products to the non-domestic consumption market with our Select branded products. In the export channel, we continued our activities by offering consumer products and semi-finished tissue papers to over 20 countries.

Viking Kağıt achieved a turnover of TRY 340.1 million in 2021 while posting a sales volume of 30 thousand tons. Our share of finished products such as toilet papers, napkins, and towels in total sales was 75%, while the

Message from the Chairperson of the Board

Company recorded a gross profit of TRY 45.2 million. Viking Kağıt, which offers its products in 22 countries across various geographies, retained the company’s title with the highest export share in the Yaşar Group by net sales.

We operate in an industry whose source is nature itself and therefore bear considerable responsibility. Our priority is to ensure a high degree of energy, raw material, and water efficiency in each production process. With its zero waste and circular economy approach, our Company, which implements the ISO 50001 Energy Management System, contributes to the future.

With our latest investment in 2021, the opening of our cellulose and semi-finished paper roll production facility using recycled waste beverage cartons, we are proud to implement another first for our country. Therefore, our investments curb the ecological damage caused by waste while reducing our dependence on external sources for cellulose by producing alternative raw materials for the paper industry. We have started to export our ‘Recycfiber’ branded semi-finished tissue papers, produced using recycled cellulose, to the world through the industrial channel.

We prevent over three hundred thousand trees from being felled annually with our “eco-friendly” tissue paper products. In addition to performing energy efficiency calculations and annual carbon and water footprint calculations, we also support our suppliers on sustainability and involve our stakeholders in our sustainability efforts. These relationships focus on quality, environmental sensitivity, and sustainability criteria.

We will continue to implement many successful works with these values that have made us who we are today. I would like to thank our employees, shareholders, dealers, business partners, and all stakeholders who have always been our supporters.

Best Regards,

İdil Yiğitbaşı
Chairperson of the Board of Directors

Board of Directors



İDİL YİĞİTBAŞI
CHAIRPERSON OF THE BOARD
OF DIRECTORS



MUSTAFA SELİM YAŞAR*
VICE CHAIRPERSON OF THE BOARD
OF DIRECTORS



E. FEYHAN YAŞAR
VICE CHAIRPERSON OF THE BOARD
OF DIRECTORS



FEZİ ONUR KOCA
INDEPENDENT BOARD MEMBER



NALAN ERKARAKAŞ
INDEPENDENT BOARD MEMBER



YILMAZ GÖKOĞLU
BOARD MEMBER

Limits of Authority:

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



CENGİZ EROL
BOARD MEMBER



MEHMET AKTAŞ
BOARD MEMBER

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

** Resumes of the Board of Directors are available on pages 37-38.

Senior Management and Committees

BOARD OF DIRECTORS AND TENURES

NAME AND LAST NAME	TITLE	TERM OF OFFICE
İDİL YİĞİTBAŞI	CHAIRPERSON OF THE BOARD OF DIRECTORS	26.03.2021 - 26.03.2022
MUSTAFA SELİM YAŞAR*	VICE CHAIRPERSON OF THE BOARD OF DIRECTORS	26.03.2021 - 02.09.2021
E. FEYHAN YAŞAR	VICE CHAIRPERSON OF THE BOARD OF DIRECTORS	26.03.2021 - 26.03.2022
FEYZİ ONUR KOCA	INDEPENDENT BOARD MEMBER	26.03.2021 - 26.03.2022
NALAN ERKARAKAŞ	INDEPENDENT BOARD MEMBER	15.04.2021 - 26.03.2022
YILMAZ GÖKOĞLU	BOARD MEMBER	26.03.2021 - 26.03.2022
CENGİZ EROL	BOARD MEMBER	26.03.2021 - 26.03.2022
MEHMET AKTAŞ	BOARD MEMBER	24.02.2022 - 26.03.2022

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

SENIOR MANAGEMENT

NAME AND LAST NAME	TITLE
SUAT ÖZYİĞİT	VICE PRESIDENT
AHMET ABDULLAH AKÇASIZ	GENERAL MANAGER
SÜLEYMAN SEZER	FINANCIAL AFFAIRS AND FINANCE DIRECTOR

AUDIT COMMITTEE

NAME AND LAST NAME	TITLE
FEYZİ ONUR KOCA	HEAD OF COMMITTEE
NALAN ERKARAKAŞ	MEMBER

CORPORATE MANAGEMENT COMMITTEE

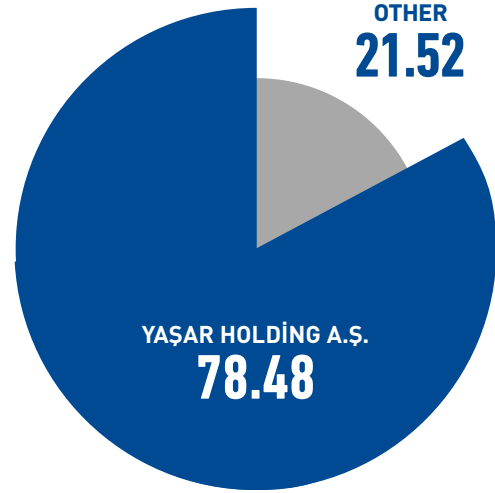
NAME AND LAST NAME	TITLE
FEYZİ ONUR KOCA	HEAD OF COMMITTEE
YILMAZ GÖKOĞLU	MEMBER
CENGİZ EROL	MEMBER
SÜLEYMAN SEZER	MEMBER

EARLY DETECTION OF RISK COMMITTEE

NAME AND LAST NAME	TITLE
FEYZİ ONUR KOCA	HEAD OF COMMITTEE
NALAN ERKARAKAŞ	MEMBER
YILMAZ GÖKOĞLU	MEMBER
CENGİZ EROL	MEMBER

Shareholding Structure

VİKİNG KAĞIT SHAREHOLDING STRUCTURE (%)



Shareholder	Share Ratio (%)	Share Amount (TRY)
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 on the Borsa Istanbul Main Market under the ticker 'VKING.'

There are no privileges in the Company shares.

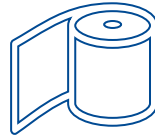
Viking Kağıt and 2021 at a Glance



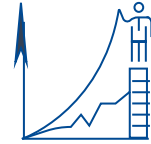
Viking Kağıt continued to grow by increasing its efficiency in 2021.



5
Strong Brands



Over **80**
Products in
Portfolio



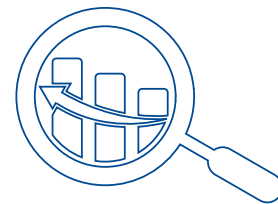
45,800 Tons
Annual Production Capacity

51 Years
of Industry
Experience

33%
market growth
(Nielsen)

TRY **4.6** billion
Tissue papers market
size (Nielsen)

~8 kg
Annual tissue paper consumption per
person in Turkey



340.1
million
Turnover



TRY **45.2**
million
Gross Profit

TRY **38.2**
million in
Investments

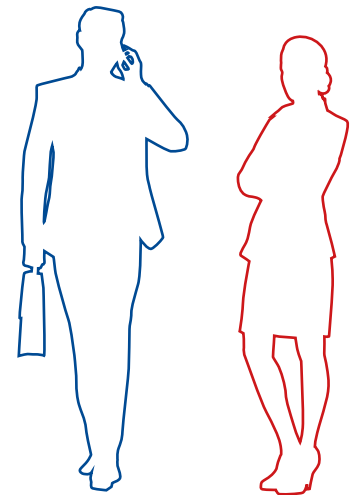
Export to
22
Countries

USD **9.4**
million Total
Export in 2021

30 thousand
tons Sales Volume
in 2021

205
Average
Number of
Employees

3,823 Hours
of Training for
Employees



FINANCIAL PERFORMANCE IN 2021

(Million TRY) 01.01.2021-31.12.2021 01.01.2020-31.12.2020

Net Sales	340.1	252.9
Gross Profit	45.2	56.5
Gross Sales Profit Margin	13.3%	22.3%

(Million TRY) 31.12.2021 31.12.2020

Shareholders' Equity	22.8	(23.9)
Assets	578.4	315.4
Total Liabilities/Equity Ratio	24.35	(14.20)

Company Profile

Viking Kağıt continues to produce for our future with an approach sensitive to people and nature, responding to consumer expectations and market dynamics in the global and domestic market with a rich product portfolio.

Established in Aliağa, Izmir fifty-one years ago as Turkey's "first private industrial paper mill," Viking Kağıt started its operations in 1971 with the production of wrapping, printing, and laminated paper with a capacity of 13,500 tons/year. Accelerating its growth efforts upon its acquisition by the Yaşar Group in 1982, the Company entered the tissue paper industry in 1996. One of the leading companies in the industry today, with five established brands and over 80 products, Viking Kağıt operates with an annual production capacity of 45,800 tons.

Having adopted an approach sensitive to people and nature and focusing on sustainable quality, Viking Kağıt is present in the domestic and foreign markets with its wide product range consisting of toilet papers, towels, napkins, box wipes, and wet wipes. The Company focuses on domestic consumption with Premia, Lily, Senso, and Pufla branded toilet papers, towels, napkins, box wipes, and wet towels while offering products to the non-domestic consumption market with the Select brand.

Viking Kağıt, which develops innovative products that consider changing consumer expectations and needs, distributes its products through over 50 dealers and more than 200 direct sales points throughout Turkey.

Continuing to grow through innovative and environmentally friendly practices across all business processes, Viking Kağıt also contributes to the development of the industry. And by closely monitoring changing industrial dynamics and lifestyles, the Company continues to add to its product range.

Viking Kağıt, focused on reducing the use of natural resources and finding alternatives through sustainability-oriented

investments, annually increases its environmentally friendly recycled paper production. Having commissioned a recycling facility investment, the Company adopts a zero-waste and circular economy approach by turning waste paper into raw materials and returning it to the economy.

With new initiatives, Viking Kağıt continues to expand its product range in personal hygiene and cleaning products.





Standing out with its new generation environmentally friendly production, Viking Kağıt has a competitive edge with its quality-oriented process management, strong brands, and up-to-date and comprehensive product portfolio.

Competitive Advantages

ENVIRONMENTALLY FRIENDLY PRODUCTION FOR A SUSTAINABLE FUTURE

- Turkey's first cellulose and tissue paper production facility recycling waste beverage cartons
- Zero waste and circular economy approach
- Economic and supply benefits are provided by preventing ecological damage to Turkey and the world

RELIABLE AND WELL-KNOWN BRAND IDENTITY

- Brand positioning for different consumer groups and sales channels
- Well-known and trusted brands
- Constantly rising customer satisfaction

INNOVATIVE AND RICH PRODUCT RANGE

- Ability to meet all the demands of domestic and non-domestic consumption channels with five brands and over 80 products
- A product portfolio enriched by an innovative and environmentally friendly vision
- Well-established technological and industrial experience
- Ability to respond swiftly to market needs

PRODUCTION WITH PROVEN PROCESSES

- ISO 9001: 2015 Quality Management System Certificate
- ISO 50001: 2018 Energy Management System Certificate
- BRC CP Certificate A GRADE
- FSC CoC Certificate
- ISEGA Certificate for Direct Contact with Food
- SMITHS Migration Analysis and Compliance Reports
- DERMATEST Dermatological Conformity Certificate at "Excellent" Level

CONTINUOUS GROWTH AND A STRONG BRAND TARGET

Viking Kağıt, which continues its activities as a responsible manufacturer focused on the environment and people, monitors and records every step of its processes, from order receipt to product use, according to defined and designed

methods and instructions. The Company's success in audits carried out by international certification bodies allows it to stand out from the competition and increases customer confidence in the Company.



Viking Kağıt, the industry pioneer, continues to make a difference in the tissue papers industry with a product portfolio that responds to consumer expectations and dynamics parallel to global and local trends.



In 2021,
the production
volume of the Turkish
tissue papers industry was
1 million tons, while the
global figure is expected to
exceed 44 million tons.

Industry Overview

According to the latest global data on the tissue papers industry, the sector has reached a market volume of USD 50 billion. With the impact of post-pandemic dynamics, the industry is expected to continue its global advance with a compound annual growth rate (CAGR) of 5% over the next five years.

Rising consumer health and hygiene awareness and the growing working urban population globally are seen as the most significant growth drivers in the tissue papers market. New momentum in the tourism industry is also expected to support growth. Additionally, the hospitality industry is expected to contribute to the market, mainly due to changing lifestyles and consumer habits.

According to the Euromonitor International Top 10 Global Consumer Trends Report 2021, while hygienic and economical products stood out in consumer preferences, natural consumption opportunities, sustainable alternatives, and tendencies towards online channels have begun to gain importance.

The globally observed rise in average annual per capita consumption of tissue papers continued during the year. In the US, the figure was 25 kg, while in the EU it reached levels close to 20 kg. The per capita consumption in Turkey, which is still below 10 kg, is seen as an opportunity for manufacturers to improve production and consumption in parallel. The industry aims to increase consumption through promotional and awareness-raising activities.

While the US and China maintain their ranking in terms of turnover in the global market, India and Japan are expected to scale the peak in the tissue papers industry in the coming period. Production in Turkey reaches 1 million tons per annum, while global production volume is expected to exceed 44 million tons (RISI). About 30% of the production is exported, with 70% supplied to the domestic market.

TRENDS IN TURKEY

Production investments, demand growth, and needs that develop parallel to rising supply lead to healthy growth for the Turkish tissue papers industry. As the demand for tissue papers increased with the pandemic, consumer expectations regarding "hygiene and sustainability" are also being reshaped.

"Quality and hygiene" are the two vital criteria for the Turkish consumer. In 2021, hygiene products stood out for having increased their turnover the most among the FMCG categories. On the other hand, paper products were among

the top-three categories to increase their sales by quantity.

The "sustainability concern" among consumers has become a key consideration in this period. It was observed that a perceived sustainability approach impacted the tissue paper choices of seven out of every ten people as consumers turned to environmentally friendly products.

According to 2021 data, tissue papers in Turkey reached a turnover of TRY 4.6 billion with a household penetration of 90% and growth of 33% (Nielsen 2021). The leading sales channels were hypermarkets and discount markets, while the rise of the online channel also attracted attention.





Activities of 2021

22
NUMBER OF EXPORT COUNTRIES

TOTAL SALES VOLUME
30
thousand tons

Viking Kağıt achieved a turnover of TRY 340.1 million in 2021 while posting a sales volume of 30 thousand tons. The Company's revenue from exports to 22 countries was USD 9.4 million.

As a result of its activities in the tissue papers industry, Viking Kağıt increased its sales volume to 30 thousand tons in 2021, achieving a turnover of TRY 340.1 million. The share of finished products such as toilet papers, napkins, and towels in total sales was 75%, while the Company recorded a gross profit of TRY 45.2 million

EXPORT TO 22 COUNTRIES

Offering its products to 22 countries across various geographies, Viking Kağıt continued to communicate with potential buyers in countries with new market opportunities throughout the year. Israel, England, and Greece ranked first among the Company's export sales, which generated a revenue of USD 9.4 million in 2021. With an export share in net sales of 25%, Viking Kağıt retained the company's title with the highest export share in net sales within the Yaşar Group.

In 2021 Viking Kağıt also began exporting the "Used Beverage Carton (UBC)" type brown paper through an industrial channel obtained through its investment in beverage carton recycling. In the last two months of the year, semi-finished products of tissue papers produced with recycled cellulose were exported to eight countries under the "Recycfiber" brand.

Business Development and Investments

38.2
MILLION
TOTAL
INVESTMENT
AMOUNT

Viking Kağıt aims to increase production efficiency and product quality further with its investments in 2021. And in a first for Turkey, the Company also contributes to a sustainable future with its alternative raw materials investment.

Viking Kağıt carried out renovation and modernization works on its machinery and the Used Beverage Carton (UBC) investment of TRY 38.2 million in 2021, continuing its investments to increase capacity and improve product quality.

Acting under environmental legislation, the Company operates at high efficiency levels in every production process through the optimum use of natural resources. The Company implements the ISO 50001 Energy Management System in all processes to increase energy efficiency.

Viking Kağıt, which carried out studies aimed at energy, raw material, and water efficiency in machine tracks and production facilities, achieved a 30% reduction in waste treatment costs through polymer optimization commissioned at its treatment plant.

Viking Kağıt's cellulose and semi-finished paper roll production facility that recovers waste beverage cartons was launched in 2021, a first in Turkey. In addition to reducing the ecological damage to nature caused by waste, the Company contributes to the economy by producing alternative raw materials. The Company commenced exports of its semi-finished tissue papers, branded as 'Recycfiber' and produced using recycled cellulose through the industrial channel. Exporting its products under the "Recycfiber" brand to eight countries in November and December 2021, Viking Kağıt also began manufacturing final consumer products from this raw material. In this context, with the production of toilet papers, paper towels, and napkins, the Company plans to create a new alternative in the domestic and export markets.



Responding to diverse consumer needs with over 80 products offered under five brands, Viking Kağıt sustains the highest level of consumer satisfaction.

Viking Kağıt Products

IN-HOME CONSUMPTION

Viking Kağıt, which offers effective and high-performance solutions with the brands "Premia, Lily, Senso, and Pufla," meets all needs with its products that satisfy the expectations of diverse consumer groups. The Company, therefore, enjoys strong brand awareness in the domestic consumption market.

Premia

Superior Absorbency and Softness

- Premia Toilet Paper
- Premia Paper Towel



Three-ply Premia branded products, the high-quality texture and specially designed embossed pattern which readily absorbs liquid and moisture, are made of 100% pure cellulose. With the international ISEGA certification, the Premia paper towel is ideally suitable for contact with hot and cold foods. The Premia toilet paper, which received a Dermatest Dermatological Conformity Certificate at the "Excellent" level, stands out for its hypoallergenic feature.

Lily

High Quality and Durable

- Lily Toilet Paper
- Lily Paper Towel
- Lily Napkin
- Lily Box Tissue
- Lily Wet Wipe
- Lily Lemon Cologne



Lily, offered to the consumer as a 2-ply and high-performance brand suitable for frequent use, is one of the most preferred brands in the market. The Lily product range that meets all consumer needs features Lily toilet paper, paper towels, napkins, box tissue, and wet wipes, produced from 100% pure cellulose and whose softness, durability, and absorbency values have been increased with a unique production technique. The portfolio recently saw the addition of Lily Lemon Cologne, a complementary hygiene product.

Senso

Affordable and Useful

- Senso Toilet Paper
- Senso Paper Towel
- Senso Napkin
- Senso Wet Wipe



Offering budget-friendly products with its economic positioning, the Senso product portfolio features toilet papers, towels, napkins, and wet wipes, offering high absorbency and durability. Senso, one of the most well-known and trusted brands in the industry, offers high-quality and budget-friendly products to consumers.

Pufla

Environmentally-Friendly Recycled Products

- Pufla Toilet Paper
- Pufla Paper Towel
- Pufla Napkin



The Pufla brand focuses on the concepts of products using recycled materials and environmental friendliness, offering products manufactured by recycling magazines, notebooks, and books through hygienic processes. These products, which return value to the economy, offer consumers the comfort of cellulose products and the opportunity to choose what's best for the environment.

NON-DOMESTIC CONSUMPTION

Offering optimum solutions for the diverse needs of non-domestic consumption points such as restaurants, cafes, hotels, hospitals, schools, and offices with its wide product range, the TSE-certified Select brand remains the customers' permanent choice for its experience reliability. The Select Expert and Select Smart brands, which provide hygiene, convenience, and savings, are among the most preferred brands in the industry for their rich product options and complementary equipment solutions.

Select

Practical and High-Quality Solutions For Professionals

- Select Expert Toilet Paper
- Select Smart Toilet Paper
- Select Center Pull Toilet Paper
- Select Mini Jumbo Toilet Paper
- Select Expert Paper Towel
- Select Expert Dispenser Paper Towel
- Select Smart Dispenser Paper Towel
- Select Expert Active Paper Towel
- Select Smart Active Paper Towel
- Select Center Pull Paper Towel
- Select Expert Napkin
- Select Expert Large Napkin
- Select Smart Napkin
- Select Expert Standart Dispenser Napkin
- Select Expert Economical Dispenser Napkin
- Select Smart Economical Dispenser Napkin
- Select Expert Toilet Seat Cover
- Select Box Tissue

The Select Expert family responds to customers' needs with a rich product portfolio made of 100% cellulose. The Select Smart family offers practical solutions to customers with its products made from a unique blend of cellulose and recycled cellulose.

NEW PRODUCT WORKS

The global impact of the COVID-19 pandemic reminded us again of the sheer importance of hygiene and cleanliness. As consumer needs and demand for these increased during this extraordinary period, Viking Kağıt continued to analyze expectations, leveraging its industry experience and innovation. Shaping its production processes and product portfolio according to new consumption preferences, the Company continued to expand its product range by offering solutions tailored to diverse needs.

To this end, Lily Lemon Cologne was introduced to consumers in 2021. The product portfolio, offered in the four sizes of 150 ml, 200 ml, 400 ml, and 1 L, has the characteristics of traditional lemon cologne and meets the need for practical personal hygiene in the consumer's home or pocket.

In addition, the Company started to produce cellulose and semi-finished tissue papers from waste beverage cartons, a first for Turkey. This confirmed its innovative investments that respond to the "sustainability" trend and its "environmentally friendly production" approach. In addition to the semi-finished products offered to the market under the "Recyfiber" brand in the industrial channel, the Company is also poised to introduce final consumer products to the market positioned as "eco-friendly papers produced through recycling."

SEMI-FINISHED PRODUCTS

In addition to final consumer products, Viking Kağıt also provides semi-finished paper products to manufacturers in various industries in Turkey and the global markets. Viking Kağıt started the production of Recyfiber branded paper coils made of recycled cellulose obtained from waste beverage cartons, a first for Turkey. As a result, the share of semi-finished products in the sales of Viking Kağıt rose to 30% in 2021.

PRIVATE LABEL PRODUCTS

Foreseeing demand growth for private label (PL) products, a crucial dynamic of the industry, developing its plans and strategies accordingly, and thanks to its commercial collaborations, the share of private label products in Viking Kağıt's total business volume was 20% in 2021.



14

MEMBERS IN
R&D TEAM

Closely monitoring the developments in the industry, developing new R&D projects and improving business processes, Viking Kağıt contributes to both life and economy with its environmentally friendly practices.

R&D Studies

Viking Kağıt manages its R&D activities through Quality Assurance and R&D Departments and implements innovative projects with its expert team of 14 members. Besides developing and designing new products, the team, comprising employees from diverse engineering disciplines, works to improve business processes and provides a multifaceted perspective on projects.

The Company carries out process optimization, raw material, packaging, alternative chemical material studies, and finished and semi-finished product development studies. These activities are done within the scope of R&D studies focused on recycling technologies and waste recovery.

The first step of the project, to utilize alternatives to cellulose, protect forest resources and convert waste into reusable products, which the Company took in 2020, was concluded with the recycling facility built-in 2021. At the first stage of the investment project, implemented to recycle beverage cartons, studies were carried out with Yaşar University on collecting and separating waste at the source. With the project implementation, the pulp is produced from a new raw material instead of raw cellulose, whereby paper is obtained following the drying process. With this project, the Company also aims to reduce its carbon footprint. As a result of Viking Kağıt's intensive innovation and development efforts, used beverage cartons are now being returned to the economy with the new recycling plant, which commenced operations in the last quarter of 2021. Viking Kağıt, which managed to process high-quality cellulose fibers obtained from materials considered waste into environmentally friendly products, also expanded the Turkish paper industry's range of raw materials while reducing dependence on raw cellulose. Beverage cartons, which have a meager utilization rate in Turkey due to insufficient separation studies, were returned to the economy as workable kraft and aluminum thanks to this project investment. The project's positive results, a first for the Turkish paper industry, are expected to be seen in domestic and export markets in 2022. The Company also aims to contribute to social awareness of waste separation with the project results.

In 2021, a centrifugal decanter was also commissioned to replace the Belt-Press as the treatment plant's sludge dewatering equipment. As a result, the moisture content of the sludge and the volume treated was reduced.



Viking Kağıt continued to add convenience, hygiene and value to life thanks to its high-quality products and strong distribution network, providing solutions that closely follow industry trends and meet consumer expectations.

Viking Kağıt Customers, and Consumers

Viking Kağıt, which emphasizes the additional value offered by its products through communication activities focused on sanitation and hygiene awareness, continued to communicate with its customers and consumers on various platforms in 2021. By sharing information and suggestions on hygiene and healthy living with customers on its social media accounts, Viking Kağıt also delivered messages on health, the environment, and family in its brand communication works.

While the "Premia," "Lily," "Senso," and "Pufla" branded toilet papers, paper towels, napkins, wet wipes, and box tissues are available in the market for Viking Kağıt's domestic end-user group, the "Select" branded toilet papers, paper towels and napkins are directed to the non-domestic consumption market. The Company continued its commercial channel promotions throughout 2021 to enhance its product distribution performance through sustained activities at widespread sales points. In addition to consumer-oriented product promotions, Viking Kağıt also offers discounts in various channels.

The Company maintained its strong brand identity in the market with increased accessibility to all its brands. It continued to improve the quality of its existing products in step with consumer expectations.

The share of products for the domestic consumption market in Viking Kağıt's total tissue papers sales was 48% at the end of 2021, while that of products for the non-domestic consumption market was 16%. Non-domestic consumption channel sales, which declined due to the lockdowns in 2020, started to rise again with the gradual normalization process in 2021. Viking Kağıt, which expands its product range in line with changing consumer habits and the predicted continuation of the pandemic's impact, has added Lily Lemon Cologne to its product range to meet the consumer's sanitation and hygiene needs.

Consumer Hotline

Sharing information about its production and operations throughout the year on its websites at www.viking.com.tr and www.lily.com.tr, Viking Kağıt answered consumers' questions on products and their use via the **444 37 50** Consumer Hotline and social media accounts.

The Company conducted satisfaction surveys with its domestic and international customers and continued to create strategies and take actions to improve its service and product processes in light of the opinions and feedback received.



Long-term collaborations with suppliers are among the building blocks of Viking Kağıt's sustainable business model.

Strong Cooperation with Suppliers

For Viking Kağıt, long-term collaborations with suppliers stand out among the building blocks of a sustainable business model. The Company's Purchasing Department continues operating under environmental sensitivity and sustainability principles to provide packaging, raw materials, auxiliary chemicals and materials, fixtures, and necessary services from internal and external suppliers in the desired time quantity and quality per identified needs.

The Company identifies its potential suppliers by evaluating them based on quality, delivery, price/performance criteria, having established win-win partnerships with packaging and chemical material suppliers.

Not being produced in Turkey, cellulose, the raw material of paper, is imported from Finland, Sweden, North America, Russia, Spain, Portugal, Brazil, and Chile. Although the competitiveness of the paper industry is negatively affected by this lack of domestic production, Viking Kağıt's strategy, which also includes environmental solutions, enjoys a competitive edge. As a responsible manufacturer focused on the environment and people, Viking Kağıt supports recycling and sustainability, contributing to the environment and economy by using cellulose pulp obtained from scrap paper in its production.

While closely following industry developments, Viking Kağıt exchanges opinions regarding new chemicals, packaging designs, and technical developments with its suppliers. The Company carries out production trials for materials deemed suitable upon evaluation. On the supply side, the Company targets effective cost management and optimization of operational expenses by monitoring processes and conducting studies.

Viking Kağıt pays attention to the circular economy and sustainable procurement practices. In this context, the Company also started to procure waste beverage cartons for recycling with the Operating Certificate obtained in June 2021. Viking Kağıt aims to increase its benefit to the environment and the economy by increasing such production, which involves recycling beverage cartons supplied by waste collection companies.





Viking Kağıt supports the development of its employees through the training programs it offers in the belief that growth and productivity increase by means of qualified human resources that reflect its corporate values.

The Viking Kağıt Family

HUMAN RIGHTS AND EMPLOYEE RIGHTS

Viking Kağıt, a member of the Yaşar Group, operates a human resources policy that employs an innovative, highly motivated, and high performing, qualified workforce, increasing the commitment of its workforce through a commitment to sustainability. In the Yaşar Group, every candidate is given equal opportunity without discrimination based on nationality, language, gender, age, marital status, etc. Viking Kağıt adopts an approach in its human resources management in line with universal values, as in all its activities. Employees are given equal opportunities in all human resources processes such as recruitment, remuneration, performance evaluation, promotion, assignment, training, and development.

Viking Kağıt works to strengthen and develop its human resources, shaped by the knowledge, skills, and experience required by respective positions, reflecting the principle of "science, unity, success." To this end, the Company brings together educated and experienced individuals who are people-oriented, adopt knowledge sharing as a principle, value the spirit of unity, are open to science-based developments, and adopt participatory management and a success-oriented work approach.

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

The Company continues its activities to prepare a Human Rights and Employee Rights Policy with a commitment to full compliance with internationally accepted principles such as



the Universal Declaration of Human Rights, the United Nations Global Compact, the United Nations Women's Empowerment Principles, and ILO Conventions, as well as the legal framework and regulations governing human rights and the operation of corporate life in Turkey.

With the development of the policy, the aim is to introduce this approach to all business partners. These principles are included in the Business Ethics Guidelines as company policies and the collective bargaining agreements of respective companies and are also made public on the corporate website.

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

Viking Kağıt organizes training programs to inform and raise awareness among its employees about environmental, social, and governance criteria, and the Group's vision of sustainability is shared with them.

Practices in the Field of Human Resources in 2021


Viking Kağıt, which continued its activities with an average of 205 employees in 2021, offered its employees 3,823 hours of training on occupational safety, personal development, and vocational development throughout the year.

Viking Kağıt manages the occupational health and safety process in compliance with Occupational Health and Safety Law No. 6331 and relevant regulations and the ISO 9001:2015 Quality Management System requirements. Viking Kağıt, which prepared research reports for occupational accidents and incidents in 2021, informed its employees of the details of occupational accidents and prevention principles. In addition, "Applied Accident Victim Training" was provided to employees who had suffered work accidents.

Viking Kağıt's Collective Bargaining Agreement with the Turkish Cellulose Works and Paper, Tree and Forestry Products Workers Union (Selüloz-İş) covered the period from January 1, 2020, to December 31, 2021.

BASIC HUMAN RESOURCES POLICY

- Personnel positions in the company are determined by business economy criteria, and all employees accept that exemplary work is only possible if productive.
- Internal and external training programs are implemented within the plan's framework determined at all levels to ensure personnel development.
- Equality of opportunity is observed in promotions and appointments within the organization, and on principle, assignments are made from existing personnel.
- The career planning system provides personnel of potential the broadest possible opportunities for promotion by applying development plans.
- The performance evaluation of personnel is based on their goals and competencies.
- Job descriptions and performance standards are documented for each position from the lowest level to the highest, and this system is used as a basis for personnel evaluation.
- Ensuring safe working environments and conditions is of great importance for the Company; all legal measures are taken to prevent occupational risks, protect health and safety, and eliminate risk and accident factors within the Occupational Health and Safety Regulation framework. Improvement efforts continue with regular meetings.
- The Company's management style "... is to maintain our existence as a company that acts per laws and ethical rules and adopts a total quality philosophy and participatory management style."
- The principle of equal treatment of employees regardless of language, race, color, gender, political and philosophical opinion, religion, sect, and similar considerations is essential. Necessary measures are taken to protect what is the employee's fundamental constitutional right.



Viking Kağıt, which adopts the principle of protecting future generations' right to life by leaving them a livable world, continues its operations without compromising its management policy based on sustainability in all business processes.

Sustainability Approach

Viking Kağıt develops its sustainability strategies and sets its sustainability goals in line with the Sustainability Policy, sustainability approach, and sustainability priorities of the Yaşar Group. The Company, which also aims to contribute to the development of its industry, reflects the Group's understanding of "taking good care of all stakeholders for a better life" in all its processes, from procurement to sales. Viking Kağıt conducts its activities in line with the business objectives determined with a science-based, quality-oriented business approach that meets the needs of the society. These efforts serve the Company's Sustainable Development Goals.

In addition to its environmental impacts, Viking Kağıt considers the climate crisis an essential risk with economic and social effects and closely follows related developments. Continuing its efforts to reduce its carbon footprint and energy density through risk assessments performed across the entire value chain, the Company observes the balance of natural resource use and protection in line with an awareness of its ecological, primarily carbon and water footprint.

Having signed the United Nations Global Compact (UNGC) in 2007, Yaşar Holding has been reporting its sustainability efforts within the framework of its sustainability approach since 2009. The information and data of Viking Kağıt are also included in the reports prepared based on the main criteria of the Global Reporting Initiative (GRI). The Yaşar 2020 Sustainability Report and all Sustainability and Global Compact Reports of the Yaşar Group can be accessed in the Sustainability section of Yaşar Holding's website (www.yasar.com.tr).

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

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

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

The aim is to contribute to a sustainable future by selecting suppliers and business partners, among the essential parts of the value chain, within Environmental Responsibility, Commercial Integrity, Fair Working Standards, Human Rights, and Legal Compliance.

SUSTAINABILITY EFFORTS

Viking Kağıt, which fully complies with all relevant laws and regulations on energy and occupational health and safety per its sustainability understanding, applies methods that reduce natural resource consumption by considering the environment and human health in all business processes. The Company discharges water from the biological treatment plant, in one of the firsts it has introduced to the industry, with values below legal limits. It operates under the "Waste Management" principle, ensuring the lawful recovery and disposal of waste generated by the facility. The Company makes annual energy efficiency and carbon and water footprint calculations. It continues its sustainability efforts in line with the strategies developed within the scope of the "Science-based Targets Program."

Efforts made in 2021 with a sustainable environmental approach include:

- The new recycling facility investment provided added value by recycling used beverage cartons. Thanks to cellulose and semi-finished tissue papers produced from waste beverage cartons, the Company contributed to the circular economy and a sustainable environment.
- The greenhouse gas emissions in 2020 were calculated as 37,516 tons of CO₂e in total, with 26,190 tons of CO₂e for Scope-1 and 11,326 tons of CO₂e for Scope-2. These values were 28,294 tons of CO₂e for Scope-1, 8,343 tons of CO₂e for Scope-2, and 36,637 tons of CO₂e in total in 2021. Greenhouse gas emissions were reduced by 2.3% compared to the previous year. The reduction rate reached 33% compared to the base year of 2010. The greenhouse gas intensity was calculated as 1.15 tons of CO₂e/ton of product in 2020 and 1.18 tons of CO₂e/ton of product in 2021. There has been a 17% decrease in greenhouse gas intensity compared to the base

year of 2010.

- The volume of water used at the factory was 913,654 m³ in 2020 and was reduced to 866,009 m³ in 2021. Having measured its total water footprint since 2014, Viking Kağıt calculated its total water footprint as 1,570,436 m³ in 2020. The Company's total water footprint decreased to 1,440,576 m³ in 2021. While the amount of water used at the production facility to produce 1 ton of paper was 22.8 tons in 2020, this value was 23.8 tons in 2021.
- Per the Water Pollution Control Regulation, an accredited laboratory analyzed and assessed the discharge water quality every 15 days. The water footprint was calculated following the analyses. As part of the calculation studies launched in 2015, the Company's water footprint decreased by 8.3% in 2021 compared to 2020, while the reduction rate compared to the base year of 2014 reached 37%.
- With the cogeneration investment completed in 2018, the cogen plant's emitted steam was converted into energy and effectively used in production. This allowed for a constant reduction in external energy use. The TEP value (paper production per ton of oil equivalent), which indicates energy efficiency, was 4.35 in 2021.
- Viking Kağıt successfully passed all Provincial Directorate of Environment and Urban Planning inspections in 2021.
- The Company continued to use trees obtained from sustainable forest resources.
- The Company developed projects to improve the participation of women in the workforce. In this context, the Company continued to train female machine operators, forklift operators, and production supervisors for wage and gender equality among employees.
- The Company supported suppliers and customers regarding sustainability by implementing development works together.
- Sample projects were developed based on the circular economy model.
- Social media communication efforts were carried out to raise awareness about sustainability, recycling, reuse, zero waste, and gender equality issues.
- Along with the "Yaşar Sustainability Competition" and the "Yaşar Sustainability Day," the projects and training activities carried out throughout the year ensure that awareness is established and promoted among employees in Group companies.

The Company works to increase environmental benefit with its principle of taking good care of it through an active role in non-governmental organizations, as a member of the Environmental Protection and Packaging Waste Recovery Foundation (ÇEVKO), the Turkish Environmental Education Foundation, the Cellulose and Paper Industry Foundation, and the Cardboard Packaging Manufacturers Association (KASAD). Viking Kağıt discloses its environment-related information to the Ministry of Environment and its related official bodies, the Environmental Protection and Packaging Waste Recycling Foundation (ÇEVKO), the Cellulose and



Paper Industry Foundation, the Izmir Chamber of Commerce, and the Aegean Exporters' Associations.

ENVIRONMENTALLY FRIENDLY PRODUCTION

Viking Kağıt has confirmed its environmentally friendly identity. Its papers and paper products do not contain uncertified or uncontrolled materials in all production processes, from raw material procurement to the consumer with the FSC-CoC (Forest Stewardship Council – Chain of Custody) Management System Certificate. Audited by the UN TRADA Certification Turkey for the first time in 2010, Viking Kağıt is the first company among Turkish paper and cardboard manufacturers to receive the FSC-CoC Management System Certificate. The certification, which checks for compliance with national and international standards in regular annual inspections, confirms that Viking Kağıt offers environmentally friendly products.

Viking Kağıt was awarded the internationally recognized BRC and Hygienic Product GC MARK certificates for the first time in 2016 within the scope of the audits conducted by the German certification body DQS. Viking Kağıt, a pioneer in its industry as the first company in Turkey to qualify for these certificates issued to industrial tissue paper manufacturers, has proven that it produces high-quality, safe, and compliant products at European standards.

WASTE MANAGEMENT

Viking Kağıt carried out works with the theme of "Recycling for the Future" within the scope of the Zero Waste Project, which includes using resources more efficiently, preventing or minimizing waste generation, collecting waste separately at source, and ensuring waste recovery. The Company, which shared information primarily through posters, also developed training plans for white-collar and blue-collar employees within this context. Color-coded garbage bins and bags were placed at work sites to collect waste separately at the source. The training presentations, organized in March 2020 for the first time and then in November 2020, were repeated in June 2021. Viking Kağıt applied for a Zero Waste Certificate in November 2020 and became eligible to receive it on 20 January 2021.

The Company discharges water from the biological treatment plant, in one of the firsts it has introduced to the industry, with values below legal limits. It operates with a "Waste Management" principle, ensuring the lawful recovery and disposal of waste generated by the facility.

COMBATING THE CLIMATE CRISIS

Viking Kağıt prioritizes energy-efficient practices to combat the climate crisis in all its operations and activities. Having established an energy management system to use energy efficiently, reduce energy consumption, protect natural resources and contribute to the fight against climate change, Viking Kağıt upgraded its ISO 50001 Energy Management System Certificate to the 2018 version. As part of the prioritization of climate crisis within the framework of the Yaşar Group's sustainability efforts, a Climate Crisis Working Group was established within Viking Kağıt in 2020. The Company started to monitor greenhouse gas emissions as Scope-1 and Scope-2 as part of the fight against the climate crisis.

QUALITY-ORIENTED STUDIES

Viking Kağıt, which continues its activities as a responsible manufacturer focused on the environment and people, monitors and records every step of all processes, from order receipt to product use, according to defined and designed methods and instructions. The Company's success in audits carried out by international certification bodies allows it to stand out from the competition while increasing customer confidence in the Company.

Viking Kağıt, the first private sector company in its industry to receive ISO 9001 Quality Management System Certification, successfully passes ISO 9001:2015 audits every year and maintains its sustainable quality goal. To achieve its goals and implement projects smoothly under all conditions, the Company also utilizes Process-Based Risk Management, which involves accurately identifying the effects of changing process conditions on product quality at each stage and ensuring their currency.

Customer Satisfaction-Oriented Quality Approach

Viking Kağıt adopts 'satisfaction' as its fundamental principle to provide the best to its customers and consumers in every process. To this end, the Company conducts research to improve the quality of its products and services. The Company, which collects feedback in all areas from production processes to sales and distribution channels through satisfaction surveys, regularly conducts an "Annual Business Partner Assessment Survey." The Company restructures its business processes per the feedback and survey results.



AUDITS FOR SUSTAINABLE QUALITY

Viking Kağıt, which constantly monitors its suppliers' production, storage, and loading conditions, also periodically checks whether the requirements related to quality certificates and procedures are met. The Company prioritizes working with suppliers with BRC CP (British Retail Consortium Standard) certification and management system certification for quality, energy, etc. It audits companies without certificates by reviewing sustainability and product quality based on BRC standards. Prioritizing health and hygiene in all areas during the pandemic, Viking Kağıt made the necessary adjustments by reviewing its delivery dates to ensure supply security.

Viking Kağıt implements its own Corrective and Preventive Action (CAPA) monitoring system to prevent the recurrence of quality problems and ensures that the identified problems are communicated to suppliers, and the necessary measures are taken for their solution. Supplier evaluations, revised according to the risk-based model stipulated by the ISO 9001:2015 quality standard, are carried out biannually. The Company aims to improve supplier performance by sharing the evaluation results with the suppliers.

Hygienic Production at EU standards

The quality of Viking Kağıt's Select Professional brand, whose products are produced under hygienic conditions per EU norms, is confirmed in its TSE Certification. The Premia toilet paper is confirmed as suitable even for sensitive skin with the Dermatest Dermatological Conformity Certificate, held at the 'Excellent' level. Meanwhile, the safety of the Premia paper towel for food contact is confirmed by International ISEGA certification.

Having proven that it produces legally compliant, high-quality, and safe products at internationally recognized standards in audits performed by the German certification body DQs since 2016. Viking Kağıt leads the tissue papers industry as the first company in Turkey to receive the BRC certificate at the AA Grade. In this context, the Company undergoes detailed annual audits and managed to raise the Grade B it received the previous year to Grade A in 2021. Viking Kağıt has also proven its quality with risk analysis based on HACCP (Hazard Analysis and Critical Control Points) and GMP (Good Manufacturing Practices) certification.

Quality works performed in 2021 include:

- The audit for the renewal of the Fsc CoC certificate was successfully passed.
- The audit for the renewal of the BRC CP certificate was completed with Grade A.
- The ISO 50001 was upgraded to the 2018 version.
- The ISEGA Certificate was renewed.
- The Safe Production Certificate was renewed.
- The Domestic Goods Certificate was renewed.
- The Company was awarded the Zero Waste Certificate.

COMPLIANCE WITH SUSTAINABLE DEVELOPMENT GOALS

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



Viking Kağıt operates on the principle of offering the best with a set of values focused on process efficiency, respect for the environment, and customer satisfaction without compromising on its sustainable quality approach.



With its works prioritizing people and the environment, Viking Kağıt contributes to the creation of an advanced society and sustainable future and aims to create value and awareness in all aspects of life.

Corporate Social Responsibility

13

INTERNSHIP
OPPORTUNITIES
FOR
STUDENTS

Viking Kağıt continues its work on the environment and education without pause. The Company implements social responsibility projects in different fields to contribute to creating a socially developed community with a high level of awareness.

The Company organized online seminars in 2021 under the 'Viking Kağıt Equal Living' committee to add value to the lives of its employees and everyone else whose lives it touches with the training programs it provides. In this context, seminars on "Nutrition and Dietetics," "Women's Rights," and "Social Courtesy in Communication" were held throughout the year.

The Company supports creating an informed, social and developed community through its projects in different fields, provides scholarships to students through the Yaşar Education and Culture Foundation and provided internship opportunities to 13 university students in 2021.

With the importance of the environment and nature, Viking Kağıt continues to find solutions to related issues while supporting tree planting projects as part of its corporate social responsibility efforts. The Tree Planting Project on Behalf of Viking Kağıt Employees, implemented through the Aegean Forest Foundation, continued in 2021.

Awards and Certificates

- **In 1997**, the Company obtained the ISO 9001:1994 Quality Assurance System Certificate.
- **In 2003**, the Company updated its existing certification to the ISO 9001:2000 Quality Management System Certificate, which focuses on "making decisions based on continuous development and measurement."
- **In 2009** the Company also received the ISO 9001:2008 Quality Management System Certificate, the latest version of ISO 9001.
- The Company successfully passed the ISO 9001:2008 audits.
- **In 2010**, the Company became the first among the paper and cardboard manufacturers operating in Turkey to receive the FSC-Dec Management System Certificate.
- **In 2012**, Premia and Lily products were certified by the German ISEGA Institute for safety for food contact.
- **In 2015**, the Company received a TSE Certificate (Toilet Papers, Towels and Napkins, Z folding).
- **In 2015**, the Company received the TSEK Certificate (Active Towel).
- **In 2016**, the Company received the BRC CP and Hygienic Product GC MARK certificates.
- **In 2016**, the Company received the ISO 50001 Energy Management System Certificate.
- **In 2018**, the Company commissioned the document control system 'QDMS' for all quality systems.
- **In 2018**, the Company successfully passed the audit for the FSC CoC certificate.
- **In 2018**, the TSEK certification for Active Towel was renewed as a TSE certificate.
- **In 2018**, Smithers Pira analyses for 100% deinked white paper, and mixed quality white paper were renewed. These analyses were also performed for 100% deinked brown paper, and its suitability was confirmed.
- **In 2018**, the Company successfully passed the audits and updated its ISO 9001 quality certification to the 2015 version.
- **In 2019**, the Company successfully passed the audits and renewed all existing certifications.
- **In 2019**, the Company successfully passed the BRC CP audits and renewed the certification according to BRC CP Revision 4.
- **In 2019**, the Company received a Domestic Goods Certificate.
- **In 2020**, the Company obtained a Safe Production Certificate.
- **In 2020**, the Company increased its number of TSE-certified products.
- **In 2021**, the Company upgraded its ISO 50001 energy management certification to the 2018 version.
- **In 2021**, the Company renewed its FSC CoC certification.
- **In 2021**, the Company successfully passed the BRC CP audits and upgraded its certificate to Grade A.
- **In 2021**, the Company received a Zero Waste Certificate.
- **In 2021**, the Company renewed its Safe Production Certificate.
- **In 2021**, Premia and Lily products were again certified by the German ISEGA Institute for safety for food contact.

Viking Kağıt, which certifies its competence and quality in all areas from production processes to final consumption, also has a competitive edge with its certified health and hygiene criteria.

Milestones

Innovative steps

- 1969** ● Viking Kağıt was founded in Aliağa, İzmir, as Turkey's "first private sector paper mill."
- 1971** ● Viking Kağıt started operations with a 13,500 tons/year capacity.
- 1982** ● Viking Kağıt joined the Yaşar Group, and modernization works were initiated.
- 1984** ● The capacity of Viking Kağıt was increased to 20,250 tons/year with investments.
- 1994** ● Viking Kağıt went public and started trading on the stock exchange.
- 1995** ● The second modernization process was completed.
- 1996** ● Viking Kağıt entered the tissue papers industry with a great leap forward.
 - The Lily brand met with consumers.
 - Senso branded products were introduced to the market.
- 1997** ● Viking Kağıt became "the first company in the tissue papers industry to receive the ISO 9001 Quality Management System Certificate" from an international body.
 - Viking Kağıt launched Turkey's first biological treatment facility.
- 1998** ● The Company launched Select branded products for the non-domestic channel.
- 1999** ● The Company's capacity was increased to 43,000 tons/year with its second paper machinery investment.
- 2000** ● The recycled paper processing facility (deinking), a first for the Turkish tissue papers industry, was put into operation.
- 2003** ● The Company increased its competitiveness by completely renewing its tissue paper conversion facility.
 - The Company upgraded its ISO 9001 Quality Management System Certificate to the 2000 version.
- 2007** ● The Company commissioned its second round product conversion line and achieved a 120% capacity increase in the round product group.
- 2008** ● Viking Kağıt's plant was included as a pilot facility in the "Increasing Energy Efficiency in Turkish Industry through Voluntary Agreements" applications initiated by the Ministry of Energy and Natural Resources.
- 2009** ● Viking Kağıt upgraded its quality standard to the 2008 version of the ISO 9001.
- 2010** ● Viking Kağıt became the first company to obtain the FSC Management System Certificate among Turkish paper and cardboard manufacturers.
 - Pufla branded products made from recyclable paper met the consumer.
- 2012** ● The Company achieved a softer paper texture with the calendaring investment.
 - The Company increased its production capacity with the new jumbo machine investment for the non-domestic channel.
 - The Premia product family, which targets the premium segment, was introduced.
 - Premia and Lily branded paper towels were certified by the German ISEGA Institute as safe for food contact.
- 2013** ● The Company started to calculate its carbon footprint.

- 2014** • The Company received a certificate of dermatological conformity for sensitive skin from the German DERMATEST Laboratories for the Select toilet papers.
- 2016** • The Company obtained the BRC CP Certificate.
 - The Hygienic Product GC Mark Certificate was obtained.
 - The Company received the TS ISO 50001 Energy Management System Certificate.
- 2018** • Cogeneration and 3rd Round Product Line investments were completed.
- 2019** • the Company received a Domestic Goods Certificate.
 - the Company successfully passed the BRC CP audits and renewed the certification according to BRC CP Revision 4.
- 2020** • The Company obtained the TSE COVID-19 Safe Production Certificate.
- 2021** • Viking Kağıt upgraded its ISO 50001 certification to the 2018 version.
 - Viking Kağıt commissioned its waste beverage carton recycling facility. The production and export of Recycfiber branded paper coils made of recycled cellulose from waste beverage cartons was initiated for the first time in Turkey.
 - The Company successfully passed the BRC CP audits and upgraded its certificate to Grade A.
 - The Company was awarded the Zero Waste Certificate.
 - As part of the treatment sludge dewatering project, the Company invested in a decanter system in place of belt press technology.

The pioneer of firsts in Turkey

- The first private sector paper mill
- The first biological treatment plant in the industry
- The first deinking facility
- The first cotton-enriched toilet paper
- The first 3-ply toilet paper
- The first aloe vera-enriched toilet paper
- The first perforated individual-use paper towel
- The first boxed tissues and box of paper towels
- The first private sector paper mill in the industry to be audited by a foreign audit firm and awarded ISO 9001 certification
- The first BRC CP and Hygienic Product GC Mark certificates in the industry
- The first tissue papers were produced with recycled cellulose from waste beverage cartons under the Recycfiber brand

CORPORATE GOVERNANCE PRACTICES AND FINANCIAL INFORMATION

BOARD OF DIRECTORS

İdil Yiğitbaşı - Chairperson of the Board of Directors

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

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

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

Feyzi Onur Koca - Independent Board Member

Feyzi Onur Koca graduated from the Boğaziçi University Electrical Engineering department in 1981 and completed his MBA program at Istanbul University in 1982. In addition, he completed the "International Systemic Training and Consulting" program at the LIMAK International Management Academy in Austria in 2005. He worked as General Manager and European Director at Jotun Boya ve Toz Boya Sanayi ve Ticaret A.Ş. from 1991 to 2001, then served as a Founding Partner at Lanark Resources Ltd. from 2002 to 2004. During the same period, he was the International Sales Coordinator of the Capex Industries' Istanbul office. Feyzi Onur Koca was the COO of London Touch Group plc. between March 2004 and September 2005. He served as the General Manager at Parker Parker İklim Kontrol Sistemleri A.Ş. between 2005 and 2012, as the CEO and Country Manager at G4S Güvenlik Hizmetleri A.Ş. between 2012 and 2017, and CEO at ICS-Group between 2017 and 2022. Currently, he is the General Manager at OZ Optics Turkey. He is a member of the board of trustees of Boğaziçi University Foundation (BUVAK), Lokman Hekim Health Foundation, Bornova Anatolian High School Foundation, ENKA Sports Club, and the Turkish Corporate Governance Association (TKYD). Feyzi Onur Koca serves on the boards of directors of several companies within the body of Yaşar Group.

BOARD OF DIRECTORS

Nalan Erkarakaş - Independent Board Member

Having graduated from the Department of Economics and Finance, Faculty of Political Sciences, Ankara University, Nalan Erkarakaş started her career as an Expert at the Capital Markets Board. She completed the Capital Markets Certificate Program at the Wharton School, Philadelphia, in the same period. Erkarakaş, who subsequently served as the Deputy Financial Coordinator of Çimentaş İzmir Çimento Fabrikası T.A.Ş., the Deputy General Manager of the Investment Banking Branch of Kentbank A.Ş., the General Manager and Board Member of Kent Yatırım ve Menkul Değerler A.Ş., and Capital Markets Group Chair of the Ciner Group, also served as the Chairperson of the Board of Directors of Park Elektrik ve Madencilik San. ve Tic. A.Ş., a Ciner Group company, and as a board member at Ciner Group companies operating in various industries. Having joined Grant Thornton Turkey as a Partner in 2018, Nalan Erkarakaş is an independent board member at various publicly traded companies, and a TOBB Capital Markets Assembly Member, Member of the Stock Exchange Intermediary Institutions Managers' Association, Member of the Young Businessmen Association of Turkey, and the Chairperson of the Board of Directors of the Listed Partnership Managers Association (KOTEDER). In addition, she is the Vice-Chairperson of the Board of Directors of the KORUNCUK Turkey Foundation for Children in Need of Protection and a Member of the Istanbul Branch of the Mülkiyeliler Association. Nalan Erkarakaş, who has articles and columns published in various newspapers and magazines and research reports published by the Capital Markets Board, was awarded the Manager of the Year by GİYAD and the Successful Businesswoman of the Year by the 'Dünya' newspaper.

Yılmaz Gökoğlu – Board Member

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

Cengiz Erol - Board Member

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

Mehmet Aktaş - Board Member

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

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

RISK MANAGEMENT, INTERNAL CONTROL SYSTEM, AND INTERNAL AUDIT ACTIVITIES

RISK MANAGEMENT

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

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

Risk Management Policy of the Company

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

Workings of the Early Detection of Risks Committee

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

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

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

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

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

- The internal control mechanism is the standard definitions, policies and procedures, job descriptions, and authorization structures for business processes.
- Current controls for risks of great concern are reviewed in terms of their design and implementation, and the most appropriate strategies and actions are determined,
- Action implementation results are monitored; and,
- Results and possible developments are reported to and evaluated by the relevant units.

INTERNAL CONTROL MECHANISM AND INTERNAL AUDIT ACTIVITIES

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

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

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

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

LEGAL DISCLOSURES

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

The Company's Ordinary General Meeting was held on 26 March 2021, and the resulting decisions were implemented. There was no Extraordinary General Assembly Meeting held in 2021.

Affiliated Company Report

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

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

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

Grants and Donations

Donations can be made to foundations established for various purposes and to such persons and/or institutions within limits set by the regulations of the Capital Markets Board on the subject. In 2021, the Company made donations and financial assistance in the amount of TRY 167,798 to various institutions and organizations.

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

Explanation on the subject is included in footnote 17 of our financial statements drawn for 01.01.2021 - 31.12.2021.

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

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

Amendments to the Articles of Association Made During the Period

The amendment of Article 6 of the Company's Articles of Association, titled "Registered Capital," was approved by the letter of the Department of Corporate Finance of the Capital Markets Board dated 10.02.2021 and numbered E-29833736-110.04.04-1632 and the preliminary permit letter of the General Directorate of Domestic Trade of the Ministry of Trade and Commerce dated 16.02.2021 and numbered 50035491-431.02-00061533933. The amendment was submitted for shareholder approval at the 2021 Ordinary General Assembly meeting of 26.03.2021 and was unanimously accepted and approved.

The amendment of the Article titled "Purpose and Subject of the Company" in the Company's Articles of Association was approved by the letter of the Department of Corporate Finance of the Capital Markets Board dated 05.03.2021 and numbered E-29833736-110.03.03-2959, and the preliminary permit letter of the General Directorate of Domestic Trade of the Ministry of Trade and Commerce dated 11.03.2021 and numbered E-50035491-431.02-00062245115. The amendment was submitted for shareholder approval at the 2021 Ordinary General Assembly meeting of 26.03.2021 and was unanimously accepted and approved.

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

Financial benefits furnished to the Chairperson and Members of the Board of Directors are determined within the framework

of the Remuneration Policy posted on our website. The total amount of wages and similar payments provided to the Members of the Board of Directors and senior executives in the twelve-month period ending on 31.12.2021 is TRY 1,739,185.

Disclosures Regarding Independent and Public Audit During the Fiscal Period

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

Statement on Company Equity

No capital loss is observed in the balance sheet prepared within TCC 376/3 as of 31.12.2021, corresponding to the Company's issued capital of TRY 42,000,000.

Voting Rights and Minority Interests

There is no privilege on voting rights. Regarding the exercise of voting rights, there are no provisions in the Company's articles of association that prevent a non-shareholder from voting by proxy as a representative. Without prejudice to the provisions of the legislation and articles of association, voting at the General Assembly Meeting is held openly and by a raise of hands. Upon the request of the shareholders, the voting method is determined by the General Assembly.

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

Minority interests are not represented in the Board of Directors. Minority interests are not determined to be less than one-twentieth of the capital in the Articles of Association.

Working Principles of the Board of Directors

The working principles of the Board of Directors are regulated in Article 12 of the Company's Articles of Association. Accordingly, the Board of Directors will convene as the Company's business affairs require it. The Board of Directors' decisions conform to the absolute majority system, where the board meets with the majority of the number of members, decisions must be taken with the unanimity of votes constituting the majority of the total number of members.

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

The Board of Directors convened 46 times during the activity period. Invitation to the meeting is made by the Chairperson of the Board of Directors or with the written request of any one of the Board members. Before the Board convenes, the meeting agenda is sent to the members, and a meeting call is made. Usually, all members attend the meetings. Damages to be inflicted on the Company by the faults of the members of the Board of Directors in the execution of their duties are insured to cover 25% of the capital.

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

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

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

Mr. Feyzi Onur Koca is the Chairperson of the Committee Responsible for Audits, and Mrs. Nalan Erkarakaş is the Committee Member. Both members are non-executive, non-affiliated board members.

Audit Committee meetings are held at least once every three months, at least four times a year. Within the scope of the committee activities, information on the operations of the Company and internal control systems were obtained from the Company executives. In contrast, audit findings were collected from the independent auditors. The committee supervises the accounting system of the partnership, the disclosure of financial information to the public, and the functioning and efficiency of the independent audit and internal control system. In addition, it carries out the selection of the independent audit firm, the preparation of the independent audit contract and the initiation of the independent audit process, and the observance of the work of the independent audit firm.

The Committee informs the Board of Directors of the truthfulness and accuracy of the annual and interim financial statements to be disclosed to the public.

LEGAL DISCLOSURES

Mr. Feyzi Onur Koca, non-executive and independent board member, serves as the Chairperson of the Corporate Governance Committee, and Mr. Yılmaz Gökoğlu and Mr. Cengiz Erol, non-executive board members, and Mr. Süleyman Sezer, the head of the Investor Relations Department, serve as the Committee Members. Corporate Governance Committee meetings are held at least once every three months, at least four times a year. The Corporate Governance Committee determines whether Corporate Governance Principles are applied in the Company, if not, why they are not implemented, and the conflicts of interest that arise from not fully complying with these principles. It recommends that the Board of Directors takes remedial measures. The Corporate Governance Committee oversees the work of the Investor Relations Department.

Within the scope of the duties of the Nomination Committee, the Corporate Governance Committee works on establishing a transparent system for determining, evaluating, training, and rewarding candidates suitable for the Board of Directors and determining policies and strategies in this regard. In addition, it evaluates the candidate proposals for non-affiliated membership, including the management and shareholders, by considering whether or not the candidate meets the non-affiliation criteria and submits its evaluation to the Board of Directors for approval. The Corporate Governance Committee determines the recommendations of the members of the Board of directors and senior executives regarding the remuneration principles, per the Company's long-term goals, within the scope of the Remuneration Committee's duties.

The Early Detection of Risks Committee is responsible for the early diagnosis of risks that may endanger the Company's existence, development, and continuation, taking necessary precautions regarding detected risks, and carrying out studies for their appropriate management. The Committee Chairperson is non-executive and independent board member Mr. Feyzi Onur Koca, and Committee Members are non-executive members Mr. Yılmaz Gökoğlu and Mr. Cengiz Erol, and non-executive and independent board member Mrs. Nalan Erkarakaş.

Within the scope of Corporate Governance Principles, both members of the Committee Responsible for Audits and Early Detection of Risk Committee and the chairperson of the Corporate Governance Committee must be non-affiliated members of the board of directors. The Head of the Investor Relations Department was appointed by the Board of Directors as a member of the Corporate Governance Committee. Since there are two non-affiliated members on the Company Board of Directors, the same member is assigned to more than one committee of the Board of Directors.

In the assessments made by the Company board of directors, it was determined that all Company committees were established in accordance with legislation, that activities were carried out effectively within the framework of the working principles previously established and published on our Company's website, that a sufficient number of meetings were held periodically during the year, and that as a result of these meetings, it is ascertained that the Committee Responsible for Audits ensured the supervision of the Company's accounting system and financial information and the effectiveness of its public disclosure, and regularly submitted its findings, opinions and suggestions on this subject to the Company's Board of Directors, that the Corporate Governance Committee made determinations about strengthening compliance with Corporate Governance Principles and submitted them to the board of directors together with their suggestions, and that the Early Detection of Risks Committee reviewed the effectiveness of internal controls and risk management processes and the structure of early warning systems and models for risks, as well as identifying risks.

Strategic Objectives of the Company

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

Dividend Distribution Policy

The Dividend Distribution Policy of Viking Kağıt ve Selüloz A.Ş. for 2013 and subsequent years, and prepared in line with Capital Market Legislation, was submitted for the approval of the 2013 Ordinary General Assembly and disclosed to the public; the information in mention can be found on the investor relations page of the Company's corporate website (www.viking.com.tr) available in Turkish and English.

AGENDA

VİKİNG KAĞIT VE SELÜLOZ A.Ş.

AGENDA OF THE ORDINARY GENERAL ASSEMBLY OF 2021 DATED 30 MARCH 2022

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

DECLARATION OF NON-AFFILIATION

As a non-affiliated member candidate for the Board of Directors at VİKİNG KAĞIT VE SELÜLOZ A.Ş. (the "Company"):

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

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

Best Regards,

Feyzi Onur Koca



DECLARATION OF NON-AFFILIATION

As a non-affiliated member candidate for the Board of Directors at VİKİNG KAĞIT VE SELÜLOZ A.Ş. (the "Company"):

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

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

Best Regards,

Nalan Erkarakaş



STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

VİKİNG KAĞIT VE SELÜLOZ A.Ş.

STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

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

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

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

1.3.11. There is no clause in the Articles of Association of our company regarding the participation of the beneficiaries and the media in the general assembly. Independent audit firm officials also attend our General Assembly meetings, and our Company has not received any request from other stakeholders and the media to participate.

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

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

4.4.7 The members of the Board of Directors of our Company are not restricted from taking on other duties beyond the Company. The duties of the members of the Board of Directors beyond the Company are presented to the shareholders by inclusion in the annual report.

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

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

4.6.5 In line with general practices, the remuneration of the Board Members and managers with administrative responsibilities is disclosed collectively in the annual report.

The 2021 Corporate Governance Compliance Report (URF) and Corporate Governance Information Form (KYBF), prepared per the CMB's Decision No. 2/49 dated 10.01.2019, are separately disclosed on the public and corporate website of the Public Disclosure Platform (www.kap.gov.tr). Related documents can also be accessed from our Company's corporate governance page found on the Public Disclosure Platform website (<https://www.kap.org.tr/tr/sirket-bilgileri/ozet/1123-viking-kagit-ve-seluloz-a-s>).

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

SUSTAINABILITY COMPLIANCE REPORTING

		COMPLIANCE STATUS			EXPLANATION	RELEVANT REPORTS AND PAGES
		YES	NO	PARTIALLY		
	PRINCIPLES					
A.	General Principles					
A1.	Strategy, Policies and Targets					
A1.1	The Board of Directors determines material ESG issues, risks, and opportunities and creates ESG policies accordingly. In terms of the effective implementation of these policies, companies' internal directives, business procedures, etc., can be prepared. The Board of Directors takes decisions on these policies, and they are publicly disclosed.			✓	Our strategies and targets are determined within the framework of the Yaşar Group Sustainability Policy and Company policies. It is planned for the decisions of the Board of Directors on policies to be completed in 2022.	Viking Kağıt Website: https://viking.com.tr/surdurulebilirlik/surdurulebilirlik-stratejimiz
A1.2	It determines the Company Strategy in line with the ESG policies, risks, and opportunities. It determines the short and long-term goals in line with the Company's strategy and ESG policies and makes them public.	✓			The 2020 Sustainability Report of Yaşar Holding covers the sustainability performance of nine Group companies between 1 January 2020 and 31 December 2020. This report, which includes Viking Kağıt, was prepared with the aim of sharing the approach, strategies, efforts, and performance in the field of sustainability and social contribution in 2020 with its stakeholders.	Yaşar Holding 2020 Sustainability Report, Page: 4 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf
A2.	Implementation/Monitoring					
A2.1	It determines the committees/units responsible for executing ESG policies and makes them public. The responsible committee/unit reports the activities carried out within the scope of the policies to the Board of Directors at least once a year and, in any case, within the maximum periods determined for the public disclosure of the annual activity reports in the relevant Board regulations.			✓	The Sustainability Committee responsible for ESG policies has expanded with increasing representation from the Company. The Climate Crisis Working Group and Gender Equality Working Group have been established under the Sustainability Committee. The Company continued its sustainability efforts under the coordination of the Sustainability Committee and the Climate Crisis Working Group and the Gender Equality Working Group of the Committee. The committees' activities are included in the Yaşar Sustainability Report and the Company's annual reports.	Yaşar Holding 2020 Sustainability Report, Pages: 36-37 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf Viking Kağıt 2021 Annual Report, Sustainability Approach, Pages: 27-30
A2.2	It creates and publicly discloses implementation and action plans in line with the short and long-term goals determined.	✓				Yaşar Holding 2020 Sustainability Report, Page: 223 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf
A2.3	It determines Key ESG Performance Indicators (KPIs) and explains them yearly. In the presence of verifiable data, it presents KPIs with local and international sector comparisons.			✓	Sustainability Committees work to increase sustainability awareness and spread good practices. At the same time, Sustainability Leaders in companies monitor the performance indicators identified to achieve the targets and present them to the Company management.	Yaşar Holding 2020 Sustainability Report, Pages: 36-37 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf
A2.4	It explains the innovation activities that improve the sustainability performance of business processes.	✓				Viking Kağıt 2021 Annual Report, Sustainability Approach Pages: 26-31
A3.	Reporting					
A3.1	It reports its sustainability performance, goals, and actions at least once a year and makes it public. It explains the information on sustainability activities within the scope of the annual report.	✓			The Yaşar Holding 2020 Sustainability Report covers the sustainability performance of nine Group companies between 1 January 2020 and 31 December 2020. This report, which includes Viking Kağıt, was prepared with the aim of sharing the approach, strategies, efforts, and performance in the field of sustainability and social contribution in 2020 with its stakeholders. Additionally, the activities are explained in the Sustainability Approach Section of the Annual Report of Viking Kağıt.	Yaşar Holding 2020 Sustainability Report, Page: 6 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf Viking Kağıt 2021 Annual Report, Sustainability Approach Pages: 26-31

	PRINCIPLES	COMPLIANCE STATUS			EXPLANATION	RELEVANT REPORTS AND PAGES
		YES	NO	PARTIALY		
A3.2	It is essential to share information of importance for stakeholders to understand the company's position, performance, and development directly and concisely. It can also explain detailed information and data on the corporate website and prepare separate reports that directly meet the needs of different stakeholders.	✓				Viking Kağıt Investor Relations Website: https://yatirim.viking.com.tr/yatirim.aspx?dit=QkFpL2NvY3F1ODkwZVpkU250Yjh4dz09
A3.4	It takes maximum care in terms of transparency and reliability. It objectively explains all kinds of developments on material issues in disclosures and reporting within the scope of the balanced approach.	✓				Viking Kağıt Information Policy: https://yatirim.viking.com.tr/User Files/yatirimci/VKING%20-%20B%C4%B0LG%C4%B0LEND%C4%B0RME%20POL%C4%B0T%C4%B0KASI%20-%20final.pdf
A3.5	It gives information on which of the United Nations (UN) 2030 Sustainable Development Goals its activities are related to.	✓				Viking Kağıt 2021 Annual Report, Sustainability Approach Pages: 26-31
A3.6	It explains the lawsuits filed and/or concluded against environmental, social, and corporate governance issues.			✓	Information on lawsuits filed against the Company that may impact its financial position is provided under the legal statements in the Annual Report. There are no statements related to ESG that do not affect the financial situation.	Viking Kağıt 2021 Annual Report, Legal Disclosures Pages: 40-42
A4.	Verification					
A4.1	If verified by independent third parties (independent sustainability assurance providers), it discloses its sustainability performance measurements to the public and endeavors to increase such verification processes.		✓		Although sustainability efforts and performance monitoring are carried out, independent third-party verification is not performed on the data.	
B.	Environmental Principles					
B1	It explains policies and practices, action plans, environmental management systems (known by the ISO 14001 standard), and programs in the field of environmental management.			✓	Viking Kağıt continues to work on the ISO 14001 ESG standard.	
B2	It complies with environmental laws and other relevant regulations and explains them.	✓				Viking Kağıt 2021 Annual Report, Sustainability Approach Pages: 26-31
B3	It explains the limitations of the environmental report to be included in the report to be prepared within the scope of the Sustainability Principles, reporting period, reporting date, data collection process, and reporting conditions.	✓			Information and data on the Sustainability Principles of Viking Kağıt are published in the Yaşar Holding Sustainability Report, which is prepared as a consolidated document. The Sustainability Report prepared annually includes data and information on the reporting period, reporting date, reporting standard, and reporting scope.	Viking Kağıt 2021 Annual Report, Sustainability Approach Pages: 26-31 Viking Kağıt Website: https://viking.com.tr/tr/surdurulebilirlik/cevremize-i-yi-bakiyoruz
B4	It describes the person of most significant responsibility, relevant committees, and responsibilities within the Company on environmental and climate change issues.	✓				Viking Kağıt 2021 Annual Report, Sustainability Approach Pages: 26-31
B5	It describes the incentives offered to manage environmental issues, including achieving objectives.	✓				Viking Kağıt 2021 Annual Report, Sustainability Approach Pages: 26-31
B6	It explains how environmental problems are integrated into business goals and strategies.	✓				Viking Kağıt 2021 Annual Report, Sustainability Approach Pages: 26-31
B7	It explains the sustainability performance of business processes or products and services and the activities to improve this performance.	✓				Yaşar Holding 2020 Sustainability Report, Page: 31 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf Viking Kağıt 2021 Annual Report, Sustainability Approach, Pages: 26-31

SUSTAINABILITY COMPLIANCE REPORTING

	PRINCIPLES	COMPLIANCE STATUS			EXPLANATION	RELEVANT REPORTS AND PAGES
		YES	NO	PARTIALLY		
B8	It explains how it manages environmental issues along the Company's value chain and integrates suppliers and customers into its strategies, not just in terms of direct operations.	✓				Viking Kağıt 2021 Annual Report, Sustainability Approach Pages: 26-31 Viking Kağıt Consumers and Customers, Page: 21 Strong Cooperation with Suppliers, Page: 22 Yaşar Holding 2020 Sustainability Report, Pages: 182-183 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf
B9	Whether it is involved in policy-making processes on environmental issues (sectoral, regional, national, and international); it explains the cooperation it has made with the associations, related organizations, and non-governmental organizations it is a member of on the subject of the environment, and the duties it has taken, if any, and the activities it supports.	✓				Yaşar Holding 2020 Sustainability Report, Pages: 54-57 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf Viking Kağıt 2021 Annual Report, Sustainability Approach Pages: 26-31
B10	It reports information on its impacts in a periodically comparable manner within the scope of environmental indicators (Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect)), air quality, energy management, water and wastewater management, waste management, biodiversity impacts).			✓	Viking Kağıt does not perform Scope 3 calculations.	Viking Kağıt 2021 Annual Report, Sustainability Approach Pages: 26-31 Viking Kağıt 2020 Annual Report, Page: 25 https://yatirim.viking.com.tr/UserFiles/VIKING-2020-FR.pdf Yaşar Holding 2020 Sustainability Report, Pages: 208-209 / 223 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf
B11	It describes the standard, protocol, methodology, and base year details used to collect and calculate its data.	✓				Yaşar Holding 2020 Sustainability Report, Pages: 208-209 / 223 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf
B12	It describes the status of environmental indicators for the reporting year (increase or decrease) compared to previous years.	✓				Yaşar Holding 2020 Sustainability Report, Pages: 208-209 / 223-235
B13	It sets short and long-term goals to reduce their environmental impact and explains these goals. It is recommended that these goals be determined based on Science as suggested by the United Nations Conference of the Parties on Climate Change. If there is progress in the reporting year according to the targets set before, it provides information on the subject.			✓	The Company has no targets set within the "Science-based Targets Program," and efforts to set targets are ongoing. However, Viking Kağıt ve Selüloz A.Ş calculates and monitors its carbon and water footprint and energy efficiency annually.	Viking Kağıt 2021 Annual Report, Sustainability Approach Pages: 26-31
B14	Explain the strategy and actions to combat the climate crisis.	✓				Viking Kağıt 2021 Annual Report, Sustainability Approach Pages: 26-31 Yaşar Holding 2020 Sustainability Report, Page: 223 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf
B15	It describes the program or procedures to prevent or minimize the potential negative impact of the products and/or services it offers; it explains the actions of third parties to reduce greenhouse gas emissions.			✓	The consolidated Yaşar 2020 Sustainability Report explains the activities related to greenhouse gas emissions arising from the Company's operations and management of waste, water, and energy. However, there is no described action to reduce the amount of greenhouse gas emissions of third parties.	Yaşar Holding 2020 Sustainability Report, Pages: 208-209 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf

	PRINCIPLES	COMPLIANCE STATUS			EXPLANATION	RELEVANT REPORTS AND PAGES
		YES	NO	PARTIALLY		
B16	It explains the actions taken to reduce its environmental impacts, the total number of projects and initiatives carried out, and the environmental benefits/revenues and cost savings they provide.			✓	Several projects aimed at reducing the environmental impact are being implemented; the outputs of the projects have not been disclosed to the public.	Yaşar Holding 2020 Sustainability Report, Page: 223 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf Viking Kağıt 2021 Annual Report, Sustainability Approach Pages: 26-31 Viking Kağıt 2020 Annual Report, Page: 25 https://yatirim.viking.com.tr/UserFiles/VI-KING-2020-FR.pdf
B17	It reports the total energy consumption data (excluding raw materials) and explains the energy consumption as Scope-1 and Scope-2.	✓				Yaşar Holding 2020 Sustainability Report, Page: 223 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf
B18	It provides information on electricity, heat, steam, and cooling generated and consumed in the reporting year.	✓				Yaşar Holding 2020 Sustainability Report, Page: 223 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf
B19	It conducts studies on increasing the use of renewable energy and the transition to zero or low carbon electricity and explains these studies.		✓		In line with the increase in renewable energy generation, the Company plans to purchase renewable energy in the coming years.	
B20	It explains the renewable energy production and usage data.		✓		No renewable energy source was used within the relevant reporting period. Carbon pricing was not applied during the relevant reporting year.	
B21	It realizes energy efficiency projects and explains the amount of energy consumption and emission reduction resulting from these studies.	✓				Viking Kağıt 2021 Annual Report, Sustainability Approach Pages: 26-31 Viking Kağıt 2020 Annual Report, Pages: 21-25 https://yatirim.viking.com.tr/UserFiles/VI-KING-2020-FR.pdf
B22	It reports the amount of water withdrawn, used, recycled, and discharged from underground or above ground, its sources, and procedures (Total water withdrawal by source, water resources affected by water withdrawal; percentage and total volume of recycled and reused water, etc.).	✓				Yaşar Holding 2020 Sustainability Report, Pages: 208-209 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf
B23	It explains whether operations or activities are included in any carbon pricing system (Emission Trading System, Cap & Trade, or Carbon Tax).		✓		The Company is not included in the ETS and carbon pricing system.	
B24	Describes the carbon credit information accumulated or purchased during the reporting period.		✓		No carbon credit was used within the relevant reporting period.	
B25	Explains the details if carbon pricing is applied within the Company.		✓		The Company was not involved in carbon trading within the relevant reporting period.	
B26	It explains all mandatory and voluntary platforms where it discloses environmental information.	✓				Viking Kağıt 2021 Annual Report, Sustainability Approach Pages: 26-31
C.	Social Principles					
C1.	Human Rights and Employee Rights					
C1.1	It forms a Human Rights and Employee Rights Policy with a commitment to fully comply with the Universal Declaration of Human Rights, the ILO Conventions, which Turkey has confirmed, and the legal framework and regulations governing the operation of corporate life in Turkey. It discloses the policy in question and the roles and responsibilities associated with its implementation.	✓			The 2020 Sustainability Report of Yaşar Holding covers the sustainability performance of nine Group companies between 1 January 2020 and 31 December 2020. The relevant information is available in this report, including Viking Kağıt.	Yaşar Holding 2020 Sustainability Report, Pages: 4-5 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf

SUSTAINABILITY COMPLIANCE REPORTING

	PRINCIPLES	COMPLIANCE STATUS			EXPLANATION	RELEVANT REPORTS AND PAGES
		YES	NO	PARTIALLY		
C1.2	It provides equal opportunity in recruitment processes. Considering the supply and value chain, it includes fair labor, improvement of labor standards, women's employment, and inclusion issues (such as women, men, religious belief, language, race, ethnic origin, age, disability, refugee status, etc.) in its policies.	✓				Viking Kağıt 2021 Annual Report, Viking Kağıt Family Pages: 24-25 Viking Kağıt Investor Relations, Yaşar Group Business Ethics Rules https://yatirim.viking.com.tr/UserFiles/YasarToplulugulsEtigiKurallari-2021.pdf
C1.3	It describes the measures taken along the value chain to protect groups sensitive to certain economic, environmental, and social factors (low-income groups, women, etc.) or minority rights/equality of opportunity.			✓	Supporting women's empowerment in every sector in which it operates, the Yaşar Group signed the "UN CEO Statement of Support for the Women's Empowerment Principles" in 2012. The Group also participated in the "Equality at Work Platform" put forward by the World Economic Forum and maintained under the Ministry of Family and Social Policies leadership and in the "Women's Empowerment Working Group" created by the Board of Global Compact Turkey. Viking Kağıt ve Selüloz A.Ş. strives to bring women to effective positions in new assignments within the Company and emphasizes the importance of employing women in supplier audits.	Yaşar Holding 2020 Sustainability Report, Page: 74 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf
C1.4	It reports developments regarding discrimination, inequality, human rights violations, forced labor, and corrective practices. It explains the regulations against child labor.	✓				Yaşar Holding 2020 Sustainability Report, Page: 78 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf Viking Kağıt Investor Relations, Yaşar Group Business Ethics Rules https://yatirim.viking.com.tr/UserFiles/YasarToplulugulsEtigiKurallari-2021.pdf
C1.5	It explains policies regarding investment in employees (training, development policies), compensation, vested benefits, right to unionize, work/life balance solutions, and talent management. It determines dispute resolution processes by creating employee complaints and dispute resolution mechanisms. It regularly explains the activities carried out to ensure employee satisfaction.	✓				Yaşar Holding 2020 Sustainability Report, Pages: 72-83 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf Viking Kağıt 2021 Annual Report, Viking Kağıt Family Pages: 24-25 Sustainability Approach, Pages: 26-31
C1.6	It creates occupational health and safety policies and makes them public. It explains the precautions taken and accident statistics gathered to prevent work accidents and ensure health.	✓				Viking Kağıt 2021 Annual Report, Viking Kağıt Family Pages: 24-25 Yaşar Holding 2020 Sustainability Report, Pages: 101-102 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf
C1.7	It creates and publicly discloses personal data protection and data security policies.			✓	A "Personal Data Storage and Destruction Policy" applies to all Yaşar Group Companies and has not been publicly disclosed. The information text is available on the Company's website.	Viking Kağıt Investor Relations Yaşar Group Business Ethics Rules https://viking.com.tr/tr/kisisel-verilerin-korunmasi-hakkinda-bilgilendirme
C1.8	It creates an ethical policy (including work, work ethics, compliance processes, advertising and marketing ethics, available information, etc.) and makes it public.	✓				Viking Kağıt 2021 Annual Report, Viking Kağıt Family Pages: 24-25 Yaşar Holding 2020 Sustainability Report, Pages: 101-102 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf
C1.9	It explains work within the scope of social investment, social responsibility, financial inclusion, and access to financing.			✓	Yaşar Holding's 2020 Sustainability Report and Viking Kağıt's 2021 Annual Report include social investment and social responsibility studies.	Viking Kağıt 2021 Annual Report, Corporate Social Responsibility, Page: 32 Yaşar Holding 2020 Sustainability Report, Pages: 138-139 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf

	PRINCIPLES	COMPLIANCE STATUS			EXPLANATION	RELEVANT REPORTS AND PAGES
		YES	NO	PARTIALLY		
C1.10	It organizes information meetings and training programs for employees on ESG policies and practices.	✓				Viking Kağıt 2021 Annual Report, Viking Kağıt Family Pages: 24-25
C2.	Stakeholders, International Standards and Initiatives					
C2.1	It carries out its activities in sustainability by taking the needs and priorities of all stakeholders (employees, customers, suppliers and service providers, public institutions, shareholders, society and non-governmental organizations, etc.) into account.	✓			The Prioritization Matrix of the Yaşar Group included Viking Kağıt's stakeholders and was prepared by canvassing stakeholders' opinions.	Yaşar Holding 2020 Sustainability Report, Pages: 40-41 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf
C2.2	It formulates a customer satisfaction policy regarding managing and resolving customer complaints and discloses it to the public.	✓				Yaşar Holding 2020 Sustainability Report, Pages: 52 - 53 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf Viking Kağıt Information Policy https://yatirim.viking.com.tr/UserFiles/yatirimci/VKING%20-%20B%C4%B0LG%C4%B0LEND%C4%B0RME%20POL%C4%B0T%C4%B0KASI%20-%20final.pdf
C2.3	It conducts continuous and transparent communication with stakeholders; explains the purpose, subject, and frequency of communication with stakeholders and the progress in sustainability activities.			✓	In Pinar Et, a member of the Yaşar Group, stakeholders are classified. According to this classification, communication frequency and dialogue platforms are determined to manage the stakeholder dialogue process more proactively.	Viking Kağıt Information Policy https://yatirim.viking.com.tr/UserFiles/yatirimci/VKING%20-%20B%C4%B0LG%C4%B0LEND%C4%B0RME%20POL%C4%B0T%C4%B0KASI%20-%20final.pdf
C2.4	It discloses the international reporting standards it has adopted (Carbon Disclosure Project (CDP), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), The Task Force on Climate-Related Financial Disclosures (TCFD), etc.) to the public.			✓	The Yaşar Sustainability Report, which includes Viking Kağıt's operations, is prepared based on the essential criteria of GRI.	Yaşar Holding 2020 Sustainability Report, Pages: 252-260 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf
C2.5	As a signatory or a member, it discloses the international organizations or principles (Equator Principles, United Nations Environment Programme - Finance Initiative (UNEP-FI), United Nations Global Compact (UNGC) Principles, United Nations Principles for Responsible Investment (UNPRI), etc.), and the international principles it has adopted (International Capital Market Association (ICMA) Green/Sustainable Bond Principles) to the public.			✓	A signatory of the United Nations (UN) Global Compact (GC) on 12 November 2007, the Yaşar Group, the parent company of Viking Kağıt, has declared its commitment to working in line with global objectives to ensure women's participation in business life, improvement in the working conditions of women, and the empowerment of women in business life by signing the UN CEO Statement of Support for the Women's Empowerment Principles in 2012.	Yaşar Holding 2020 Sustainability Report, Pages: 8-9 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf
C2.6	It makes concrete efforts towards inclusion in the Borsa Istanbul Sustainability Index and international sustainability indexes (Dow Jones Sustainability Index, FTSE4Good, MSCI ESG Indexes, etc.)		✓		Currently, there is no plan regarding participation in the Sustainability Index.	
D.	Corporate Governance Principles					
D.1	It makes the maximum effort to comply with all Corporate Governance principles and the mandatory Corporate Governance principles within the Capital Markets Board Communiqué on Corporate Governance, numbered II-17.1.	✓				Viking Kağıt 2021 Annual Report, Statement of Compliance with Corporate Governance Principles, Page: 46
D.2	It considers the sustainability issue, the environmental impacts of its activities, and the relevant principles in determining its corporate governance strategy.	✓				Viking Kağıt 2021 Annual Report, Statement of Compliance with Corporate Governance Principles, Page: 46
D.3	The Corporate Governance Principles state that it takes the necessary measures to comply with stakeholders' principles and strengthen communication with them. The Company also canvasses the stakeholders' views when determining measures and strategies for sustainability.	✓				Viking Kağıt Investor Relations: https://viking.com.tr/tr/kurumsal/yatirimci-i-liskileri Viking Kağıt Customer Contact Center: https://viking.com.tr/tr/iletisim Viking Kağıt Website: https://viking.com.tr/tr/surdurulebilirlik/i-s-ortaklarimizai-yi-bakiyoruz

SUSTAINABILITY COMPLIANCE REPORTING

	PRINCIPLES	COMPLIANCE STATUS			EXPLANATION	RELEVANT REPORTS AND PAGES
		YES	NO	PARTIALLY		
D.4	Works on raising awareness on the issue of sustainability and its importance through social responsibility projects, awareness activities, and training programs.	✓				Viking Kağıt Website: https://viking.com.tr/kurumsal/kurumsal-degerlerimiz Viking Kağıt 2021 Annual Report, Corporate Social Responsibility, Page: 32 https://yatirim.viking.com.tr/UserFiles/VIKING-2020-FR.pdf
D.5	Strives to become a member of the international standards and initiatives on sustainability and contribute to activities.			✓	The Yaşar Group, the parent company of Viking Kağıt, which prepares sustainability reports per the "Basic" option of the Global Reporting Initiative (GRI) Standards, signed the United Nations Global Compact (UNGC) on 12 November 2007. Compliance of the Group's Sustainability Report with the UNGC principles is shown in the UNGC Principles Index Table. UNGC was not explicitly signed by the Company.	Yaşar Holding 2020 Sustainability Report, Pages: 54-57 https://yasar.com.tr/tr/images/pdf/Yasar_Holding_2020_Surdurulebilirlik_Raporu.pdf
D.6	Discloses the policies and programs regarding the fight against bribery and corruption and the principle of tax integrity.	✓				Viking Kağıt Investor Relations, Yaşar Group Business Ethics Rules https://yatirim.viking.com.tr/UserFiles/YasarToplulugulsEtigiKurallari-2021.pdf

STATEMENT OF RESPONSIBILITY

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

We hereby declare per CMB regulations that; the financial position statement, including footnotes, comprehensive income statement, cash flow statement, and equity change statement, as well as board of directors activity report arranged by our Company and approved by the Board of Directors' decision dated 01.03.2022 and numbered 2022/9 of the independently audited Viking Kağıt ve Selüloz A.Ş. for the accounting period 01.01.2021 - 31.12.2021, which were prepared per the Turkish Accounting Standards/Turkish Financial Reporting Standards (TMS/TFRS) and the formats determined by the CMB;

1. That they were examined by our Company,
2. Within the framework of the information that we have in our field of duty and responsibility of our Company, they contain no false statements on essential matters or any deficiencies which may be consequentially misleading as of the date of disclosure,
3. That within the framework of the information that we have in our field of duty and responsibility of our Company, our financial statements prepared per the Communiqué honestly reflect the truth about the assets, liabilities, financial situation and profit and loss of the enterprise, and that our annual report honestly reflects the development and performance of the business and the financial situation of the enterprise, together with the significant risks and uncertainties faced,

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

Respectfully Yours,
VİKİNG KAĞIT VE SELÜLOZ A.Ş.

Feyzi Onur KOCA
Head of the Audit Committee

Nalan ERKARAKAŞ
Member of the Audit Committee

Ahmet Abdullah AKÇASIZ
General Manager





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

To the General Assembly of 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 2021 period.

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

2. Basis for Opinion

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

3. Our Audit Opinion on the Full Set Financial Statements

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

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

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

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



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

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

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

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

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

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

ORIGINAL COPY ISSUED AND SIGNED IN TURKISH

Adnan Akan, SMMM
Partner

Istanbul, 1 March 2022

VİKİNG KAĞIT VE SELÜLOZ A.Ş.

FINANCIAL STATEMENTS

AT 1 JANUARY - 31 DECEMBER 2021

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

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



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

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of 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 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and notes to the financial statements comprising a summary of significant accounting policies.

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

2. Basis for opinion

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

3. Key audit matters

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



Key Audit Matters

How the key audit matter was addressed in the audit

Fair value measurement of land, buildings and land improvements and machinery and equipment (Notes 2 and 11)

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

The fair value gain before tax amounting to TL198,7 million was appraised by the independent professional valuers at 31 December 2021. 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, buildings and land improvements and machinery and equipment as of 31 December 2021 has a significant share in the assets of the Company and these valuations include estimations and assumptions that are sensitive to yearly discount rates, the location and zoning status, benchmark prices and the construction costs per m².

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

- 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.
- In accordance with the provisions of "ISA 620: Use of Work of Expert" standard, we got our external auditor expert involved to evaluate the assumptions and methods used by the Company management and 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 m², location and zoning status, used by the independent professional valuers who were appointed by the Company management, with the Company's records. In addition to that certain estimates and assumptions such as the yearly discount rates, market reference prices and construction costs per m² were assessed with the help of the external auditor expert.
- The compliance of the disclosures of fair value determination of land, buildings and land improvements and machinery and equipment in the financial statements in accordance with the relevant financial reporting standards were evaluated.



Key Audit Matters

How the key audit matter was addressed in the audit

Recoverability of trade receivables (Notes 6 and 7)

Trade receivables amounting to millions of TL67 millions as of 31 December 2021 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 were tested on a sample basis by sending confirmation letters.
- The agings of trade receivable balances were analysed.
- The subsequent collections were tested on a sample basis.
- The guarantee letters received from customers were tested on a sample basis.
- It was assessed if there is a dispute or litigations regarding collectability of trade receivables, 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 in the financial statements with the relevant financial reporting standards was evaluated.



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

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

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

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

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

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

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

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

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



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

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

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

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



B. Other responsibilities arising from regulatory requirements

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

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

Adnan Akan, SMMM
Partner

Istanbul, 1 March 2022

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VİKİNG KAĞIT VE SELÜLOZ A.Ş.

STATEMENTS OF FINANCIAL POSITION (BALANCE SHEETS)

1 JANUARY - 31 DECEMBER 2021 AND 2020

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

	Notes	31 December 2021	31 December 2020
ASSETS			
Current Assets			
Cash and Cash Equivalents	5	17,999,067	19,897,159
Trade Receivables		67,036,342	50,543,864
- Due from Related Parties	6	8,065,181	4,807,323
- Due from Third Parties	7	58,971,161	45,736,541
Other Receivables		283,441	256,474
- Due from Third Parties	8	283,441	256,474
Inventories	9	55,596,021	32,821,676
Prepaid Expenses		770,140	162,655
- Prepaid Expenses from Third Parties 10		770,140	162,655
Current Tax Assets	29	23,950	36,163
Other Current Assets		1,223,127	779,836
- Other Current Assets from Third Parties	20	1,223,127	779,836
TOTAL CURRENT ASSETS		142,932,088	104,497,827
Non-Current Assets			
Financial Assets	3	896,610	557,286
- Financial Investments Available for Sale		896,610	557,286
Other Receivables		5,999	5,999
- Other Receivables from Third Parties		5,999	5,999
Property, Plant and Equipment	11	431,939,495	206,327,636
- Land		114,668,168	55,380,000
- Land Improvements		6,270,475	2,881,366
- Buildings		63,666,109	31,230,919
- Machinery and Equipment		245,097,415	111,601,564
- Vehicles		82,880	131,336
- Furniture and Fixtures		1,522,900	1,122,844
- Construction in Progress		631,548	3,979,607
Intangible Assets	12	1,049,267	855,050
- Other Intangible Assets		1,049,267	855,050
Prepaid Expenses		437,731	1,281,499
- Prepaid Expenses to Third Parties	10	437,731	1,281,499
Rights of Use Assets	11	1,110,613	1,868,039
TOTAL NON-CURRENT ASSETS		435,439,715	210,895,509
TOTAL ASSETS		578,371,803	315,393,336

The financial statements for the period 1 January - 31 December 2021 have been approved for issue by Board of Directors of Viking Kağıt ve Selüloz A.Ş. on 1 March 2022. The General Assembly and certain regulatory bodies have the authority to make amendments after the issue of these financial statements.

The accompanying notes are an integral part of these financial statements

VİKİNG KAĞIT VE SELÜLOZ A.Ş.
STATEMENTS OF FINANCIAL POSITION (BALANCE SHEETS)
1 JANUARY - 31 DECEMBER 2021 AND 2020
(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

	Notes	31 December 2021	31 December 2020
LIABILITIES			
Short-Term Liabilities			
Short-Term Borrowings		203,711,728	128,915,970
- Short-Term Borrowings from Related Parties		41,468,292	-
- Bank Loans	6	41,468,292	-
- Short-Term Borrowings from to Third Parties		162,243,436	128,915,970
- Bank Loans	15	160,897,638	127,708,509
- Leasing Liabilities		1,345,798	1,207,461
Short-Term Portion of Long-Term Borrowings		67,409,408	44,834,179
Short-Term Portion of Long-Term Borrowings from Third Parties		67,409,408	44,834,179
- Bank Loans	15	66,838,055	44,068,496
- Leasing Liabilities		571,353	765,683
Other Financial Liabilities		55,547	-
- Other Financial Liabilities		55,547	-
Trade Payables		175,239,903	94,638,099
- Due to Related Parties	6	44,722,372	12,883,681
- Due to Third Parties	7	130,517,531	81,754,418
Payables for Employee Benefits	18	1,650,068	731,239
Other Payables		5,352,409	4,295,653
- Due to Related Parties	6	3,925,559	3,376,011
- Due to Third Parties	8	1,426,850	919,642
Deferred Income		2,613,214	1,670,168
- Deferred Income from Third Parties	10	2,613,214	1,670,168
Short-Term Provisions		269,286	606,627
- Other Short-Term Provisions	17	269,286	606,627
TOTAL SHORT TERM LIABILITIES		456,301,563	275,691,935
Long-Term Liabilities			
Long-Term Borrowings		34,917,643	30,882,559
- Long-Term Borrowings from Third Parties		34,917,643	30,882,559
- Bank Loans	15	34,178,894	28,721,377
- Leasing Liabilities		738,749	2,161,182
Long-Term Provisions		11,395,660	9,847,143
- Long-Term Provisions for Employee Benefits	18	11,395,660	9,847,143
Other Long-Term Liabilities		1,182	1,161
- Other Long-Term Liabilities to Third Parties		1,182	1,161
Deferred Tax Liabilities	29	52,940,244	22,859,293
TOTAL SHORT TERM LIABILITIES		99,254,729	63,590,156
TOTAL LIABILITIES		555,556,292	339,282,091
EQUITY			
Equity Attributable to Owners of the Parent Company		22,815,511	(23,888,755)
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		261,843,291	100,673,344
- Gains on Revaluation and Remeasurement		260,896,081	100,065,458
- Increases on Revaluation of Property, Plant and Equipment	11	268,097,064	106,992,106
- Actuarial Loss Arising From Defined Benefit Plans		(7,200,983)	(6,926,648)
- Fair value Reflected on Other Comprehensive Income Revaluation of Financial Assets and/or Classification Benefits		947,210	607,886
Accumulated Losses		(163,035,875)	(140,034,411)
Loss for the Year		(118,245,834)	(26,781,617)
TOTAL EQUITY		22,815,511	(23,888,755)
TOTAL LIABILITIES AND EQUITY		578,371,803	315,393,336

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

VİKİNG KAĞIT VE SELÜLOZ A.Ş.

STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME

FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2021 AND 2020

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

	Notes	1 January - 31 December 2021	1 January - 31 December 2020
PROFIT OR LOSS			
Revenue	22	340,067,425	252,920,145
Cost of Sales (-)	22	(294,871,177)	(196,470,940)
GROSS PROFIT	22	45,196,248	56,449,205
Marketing Expenses	23	(33,295,217)	(25,579,454)
General Administrative Expenses	23	(13,976,830)	(12,314,022)
Research and Development Expenses	23	(2,055,395)	(1,721,944)
Other Operating Income	24	13,505,979	12,767,761
Other Operating Expenses	24	(63,588,861)	(24,933,006)
OPERATING PROFIT		(54,214,076)	4,668,540
Income from Investment Activities	25	39,713	336,386
OPERATING PROFIT BEFORE FINANCIAL (EXPENSE)/ INCOME		(54,174,363)	5,004,926
Financial Income	27	7,158,615	3,527,297
Financial Expense	27	(74,890,808)	(34,847,097)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS		(121,906,556)	(26,314,874)
Tax Income/(Expense) from Continuing Operations		3,660,722	(466,743)
- Deferred Tax (Expense)/Income	29	3,660,722	(466,743)
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		(118,245,834)	(26,781,617)
LOSS FOR THE YEAR		(118,245,834)	(26,781,617)
Loss per share			
- Loss per Kr1 number of 100 Shares			
From Continuing Operations	30	(2,8154)	(0,6377)
OTHER COMPREHENSIVE INCOME			
Other Comprehensive Income/Expense not to be Reclassified in Profit and Loss		164,950,100	(1,949,246)
Increase in Revaluation of Property, Plant and Equipment	11	198,695,368	-
Actuarial Loss Arising from Defined Benefit Plans	18	(342,919)	(2,691,205)
Fair Value Difference Other Comprehensive Income			
Revaluation of Saved Assets and/or Loss of Classification			
Not to be Reclassified in Profit and Loss	3	339,324	203,718
Taxes Relating to Components of Other Comprehensive		(33,741,673)	538,241
- Increase in Revaluation of Property, Plant and Equipment, Tax Effect		(33,810,257)	-
- Actuarial Loss Arising from Defined Benefit Plans, Tax Effect		68,584	538,241
OTHER COMPREHENSIVE INCOME/(EXPENSE)		164,950,100	(1,949,246)
TOTAL COMPREHENSIVE INCOME/(EXPENSE)		46,704,266	(28,730,863)

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

VİKİNG KAĞIT VE SELÜLOZ A.Ş.

STATEMENTS OF CASH FLOW FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2021 AND 2020

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

Notes	1 January - 31 December 2021	1 January - 31 December 2020
CASH FLOWS FROM OPERATING ACTIVITIES	(20,610,776)	19,803,773
Loss for the year	(118,245,834)	(26,781,617)
Adjustments to reconcile net period expense	108,682,426	50,728,200
Adjustments related to taxation	29 (3,660,722)	466,743
Adjustments related to depreciation and amortisation	11.12 11,834,218	10,678,267
Adjustments related to provisions	2,934,475	1,869,484
- Adjustments related to provision for employee benefits	18 3,271,816	1,836,082
- Adjustments for (reversal of) lawsuit and/or penalty provisions	(337,341)	33,402
Adjustments for (reversal of) fair value losses	-	347,000
- Adjustments for (reversal of) impairment loss of receivables	24 -	347,000
Adjustments related to gain on sales of non-current assets	(1,271)	(303,748)
- Adjustments for impairment on property, plant and equipment	25 (1,271)	(303,748)
Adjustments related to share of profit	(38,442)	(32,637)
Adjustments related to interest (income)/expense	38,064,276	26,279,516
- Adjustments related to interest income	(479,650)	(295,388)
- Adjustments related to interest expense	24, 27 38,543,926	26,574,904
Adjustments related to unrealized foreign currency translation differences	59,549,892	11,423,575
Changes in working capital	(8,981,150)	(3,422,841)
Adjustments related to decrease/(increase) in trade receivables	(13,457,761)	(9,068,060)
- Changes in trade receivables from related parties	6 (223,141)	1,288,122
- Changes in trade receivables from third parties	7 (13,234,620)	(10,356,182)
Adjustments related to inventories	9 (22,774,345)	211,756
Adjustments in other receivables related with operations	(455,703)	853,356
- Adjustments in other receivables related with operations	(455,703)	853,356
Changes in prepaid expenses	10 (607,485)	566,177
Adjustments related to trade payables	27,562,430	2,066,900
- Changes in trade payables to third parties	7 3,632,601	20,348,887
- Changes in trade payables to related parties	6 23,929,829	(18,281,987)
(Decrease)/Increase in payables related to employee benefits	18 918,829	245,824
Adjustments for decrease/(increase) in other payables related with operations	(1,617,390)	237,647
- Decrease/(increase) in other related party payables related with operations adjustments	(1,617,390)	237,647
Changes in deferred income	10 943,046	1,256,234
Adjustments for other changes in working capital	507,229	207,325
- Changes in other liabilities related with operations	507,229	207,325
Cash generated from operating activities	(18,544,558)	20,523,742
Employment termination benefits paid	18 (2,066,218)	(719,969)
CASH FLOWS FROM INVESTING ACTIVITIES	(36,827,278)	(17,734,974)
Cash outflow from purchases of property, plant and equipment and intangible assets	(38,187,500)	(16,930,218)
- Purchase of property, plant and equipment	11 (37,734,318)	(16,716,971)
- Purchase of intangible assets	12 (453,182)	(213,247)
Cash inflow from sales of property, plant and equipment and intangible assets	1,271	303,748
- Sales of property, plant and equipment	1,271	303,748
Advance given for cash and payables	843,767	(1,281,498)
Other advance given for cash and payables to related parties	843,767	(1,281,498)
Dividends received	25 38,442	32,637
Interest received	476,742	293,474
Other cash inflows/outflows	-	(153,117)
CASH FLOWS FROM FINANCING ACTIVITIES	50,625,048	11,122,170
Cash inflows related to borrowings	214,604,083	142,800,000
- Cash inflows from bank loans	15 214,604,083	142,800,000
Cash outflows on debt payments	(126,462,701)	(88,858,031)
- Cash outflows on loan repayments	15 (126,657,755)	(90,058,537)
- Cash outflows from payments of other financial liabilities	195,054	1,200,506
Increase/(Decrease) in other payables to related parties	6 549,548	(18,724,014)
Payments of lease liabilities	15 (611,864)	(1,061,513)
Interest paid	(37,454,018)	(23,034,272)
NET DECREASE/(INCREASE) IN CASH AND CASH EQUIVALENTS BEFORE FOREIGN CURRENCY TRANSLATION DIFFERENCES	(6,813,006)	13,190,969
Effect of foreign currency translation differences on cash and cash equivalents	4,914,914	1,302,115
NET DECREASE/(INCREASE) IN CASH AND CASH EQUIVALENTS	(1,898,092)	14,493,084
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	19,897,159	5,404,075
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	17,999,067	19,897,159

The accompanying notes form an integral part of these financial statements

VİKİNG KAĞIT VE SELÜLOZ A.Ş.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED AT 31 DECEMBER 2021 AND 2020

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

	Share Capital	Share Premium	Revaluation and Remeasurement Gains of Property, Plant and Equipment	Other Comprehensive Income/(Expense) not to be Reclassified In Profit or Loss Loss on Remeasurement of Defined Benefit Plans
Previous Period				
1 January 2020	42,000,000	253,929	110,837,024	(4,773,684)
Transfers	-	-	(3,844,918)	-
Total Comprehensive Expense	-	-	-	(2,152,964)
- Loss for The Year	-	-	-	-
- Other Comprehensive Income	-	-	-	(2,152,964)
31 December 2020	42,000,000	253,929	106,992,106	(6,926,648)
Current Period				
1 January 2021	42,000,000	253,929	106,992,106	(6,926,648)
Transfers	-	-	(3,780,153)	-
Total Comprehensive Expense	-	-	164,885,111	(274,335)
- Loss for The Year	-	-	-	-
- Other Comprehensive Income	-	-	164,885,111	(274,335)
31 December 2021	42,000,000	253,929	268,097,064	(7,200,983)

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

VİKİNG KAĞIT VE SELÜLOZ A.Ş.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED AT 31 DECEMBER 2021 AND 2020
(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

Revaluation and/or Classification Earnings of Financial Assets with Fair Value at Other Comprehensive Income	Accumulated Losses	Net Loss For the Year	Total Equity
404,168	(110,356,606)	(33,522,723)	4,842,108
-	(29,677,805)	33,522,723	-
203,718	-	(26,781,617)	(28,730,863)
-	-	(26,781,617)	(26,781,617)
203,718	-	-	(1,949,246)
607,886	(140,034,411)	(26,781,617)	(23,888,755)
607,886	(140,034,411)	(26,781,617)	(23,888,755)
-	(23,001,464)	26,781,617	-
339,324	-	(118,245,834)	46,704,266
-	-	(118,245,834)	(118,245,834)
339,324	-	-	164,950,100
947,210	(163,035,875)	(118,245,834)	22,815,511

VİKİNG KAĞIT VE SELÜLOZ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2021 AND 2020

(Amounts expressed in Turkish lira ("TRY") 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% (2020: 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 205 (2020: 208).

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

The accompanying financial statements are prepared in accordance with Communiqué Serial II, No: 14.1, "Principles of Financial Reporting in Capital Markets" ("the Communiqué") published in the Official Gazette numbered 28676 on 13 June 2013. According to Article 5 of the Communiqué, financial statements are prepared in accordance with the Turkish Accounting Standards ("TAS") and its addendum and interpretations issued by Public Oversight Accounting and Auditing Standards Authority ("POAASA"). TAS contains Turkish Accounting Standards, Turkish Financial Reporting Standards ("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 equipment and financial assets and liabilities carried at their fair values, financial statements are prepared and presented based on historical cost convention and in terms of Turkish Lira ("TRY") which is the functional currency of the Company.

The Public Oversight Authority made a statement on the Implementation of Financial Reporting in High Inflation Economies under TFRS on January 20, 2022, and it was stated that there was no need to make any adjustments within the scope of TAS 29 Financial Reporting in High Inflation Economies in the financial statements for 2021.

VİKİNG KAĞIT VE SELÜLOZ A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2021 AND 2020
(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

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

2.2 Amendments in Turkish Financial Reporting Standards

a) Standards, amendments and interpretations applicable as at 31 December 2021:

- **Amendments to IFRS 7 and IFRS 16 Interest Rate Benchmark Reform Phase 2;** effective from annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. After Phase-2 published in August 2020, the Group makes the necessary assessments with the relevant financial institutions so that the variability in the cash flows of the debt does not create a cash flow risk due to the changes in the current benchmark interest EURIBOR and USD LIBOR.

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

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

- **Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions;** effective from Annual periods beginning on or after 1 June 2021. As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.
- **Amendments to IAS 1, 'Presentation of financial statements' on classification of liabilities;** effective from 1 January 2024. These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.
- **A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16;** effective from Annual periods beginning on or after 1 January 2022.
 - **Amendments to IFRS 3, 'Business combinations'** update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

VİKİNG KAĞIT VE SELÜLOZ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2021 AND 2020

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

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

2.2 Amendments in Turkish Financial Reporting Standards (Continued)

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

- **Amendments to IAS 16, 'Property, plant and equipment'** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- **Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets'** specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'

- **Amendments to IAS 1 and IAS 8 on the definition of material;** effective from Annual periods beginning on or after 1 January 2023. 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:
- **Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

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

VİKİNG KAĞIT VE SELÜLOZ A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
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(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

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

2.5 Summary of Significant Accounting Policies

TFRS 16, 'Leases'

The Company as the lessee

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

- The contract contains an identified asset: - this may be specified explicitly or implicitly
- The asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified.
- The Company has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use and.
- 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.

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 TAS 16, 'Property, Plant and Equipment' in depreciating the right-of-use asset, subject to the requirements.

VİKİNG KAĞIT VE SELÜLOZ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2021 AND 2020

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

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

2.5 Summary of Significant Accounting Policies (Continued)

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

Lease liability

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

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).

VİKİNG KAĞIT VE SELÜLOZ A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2021 AND 2020
(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

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

2.5 Summary of Significant Accounting Policies (Continued)

2.5.2 Revenue recognition

The Company transfers the committed goods or services to its customers and records the revenue in its financial statements as it fulfils or fulfils 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 fulfils the performance obligations related to the sales in time, it measures the progress of the fulfilment 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.

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

Revenue from 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.

VİKİNG KAĞIT VE SELÜLOZ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2021 AND 2020

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

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

2.5 Summary of Significant Accounting Policies (Continued)

For each performance obligation identified, the entity determines 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, considering the changes in the conditions.

2.5.3 Financial assets

Classification and measurement

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

a) *Financial assets recognized at amortized cost*

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

Impairment

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.

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:

VİKİNG KAĞIT VE SELÜLOZ A.Ş.
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(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

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

2.5 Summary of Significant Accounting Policies (Continued)

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.

2.5.4 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.

2.5.5 Offsetting

All items with significant amounts and nature, even with similar characteristics, are presented separately in the financial statements. Insignificant amounts are grouped and presented by means of items 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.

2.5.6 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).

2.5.7 Property, plant and equipment

Property, plant and equipment excluding land, buildings and land improvements and machinery, plant and equipment are reflected in the financial statements by deducting accumulated depreciation from their acquisition costs. As of 31 December 2021, lands, buildings and land improvements, machinery, facilities and devices are reflected in the financial statements at their fair values determined in the valuation studies carried out by an independent professional valuation company (Note 11). As of the date of revaluation, the accumulated depreciation of the relevant property, plant and equipment subject to revaluation is netted off with the cost of the asset and subsequently followed over the revalued net book value.

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.

VİKİNG KAĞIT VE SELÜLOZ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2021 AND 2020

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

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

2.5 Summary of Significant Accounting Policies (Continued)

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. 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:

	<u>Years</u>
Buildings and land improvements	4-40 year
Machinery and equipment	5-20 year
Motor vehicles	10 year
Furniture and fixtures	2-40 year

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).

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.

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.

2.5.8 Intangible assets

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

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

2.5 Summary of Significant Accounting Policies (Continued)

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

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

2.5.9 Borrowing and borrowing costs

Borrowings are recognized initially at the proceeds received; net of any transaction costs incurred. In subsequent periods, borrowings are restated at amortized cost using the effective yield method. Any difference between proceeds (net of transaction costs) and the redemption value is recognized in the statement of comprehensive income over the period of the borrowings. Borrowing costs are expensed as incurred (Note 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.

2.5.10 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.

2.5.11 Trade receivables

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

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

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

2.5 Summary of Significant Accounting Policies (Continued)

2.5.12 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.

2.5.13 Loss per share

Earnings/ (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.

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

2.5 Summary of Significant Accounting Policies (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 Labour 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 (i.e. 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 (i) has significant impact on the business or a member of the key management personnel of that enterprise (or its main partnership) if there is.

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

2.5 Summary of Significant Accounting Policies (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 data (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 equipment and financial investments. Cash flows from financing activities indicate the resources used in financing activities and the repayment of these resources. For the purposes of the statement of cash flows, cash and cash equivalents comprise of cash in hand accounts, bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities equal or less than three months.

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

2.5 Summary of Significant Accounting Policies (Continued)

2.5.21 Transactions in foreign currencies

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

2.6 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 34.

As of 31 December 2021, the Company's short-term liabilities exceeded its total current assets by TRY 313M, while the net period loss for the year ending as of 31 December 2021 was TRY 118M and as of this date the accumulated losses were TRY 163M. As of 31 December 2021, the Company's shareholders equity was TRY (22.8) M., while the share capital and share premiums were TRY 42M.

It is seen that the shareholders' equity in the statement of financial position dated 31 December 2021, which is examined in accordance with Article 376 of the TCC, covers 54.3% of the paid-in capital. At the meeting of the Board of Directors of the Company on March 1, 2022, it was decided that there is no need for any measures stipulated in TCC 376.

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.

The Company management and the Company's parent company believe that the measures and regulations which were disclosed more detailed in Note 34 will positively contribute to the Company's performance and that the Company can continue its activities for the foreseeable future in line with these measures.

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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.

In this context, as a result of the evaluations made by the Company management, land, land improvements and buildings and machinery and equipment are accounted in the financial statements at their fair values determined in the valuation studies carried out by an independent professional valuation company as of 31 December 2021.

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 m² 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.
- Cost approach method was used in valuation of property, plant and equipment. Due to the fact that valuation is an integrated industrial plant valuation as a whole, in the light of market data to the extent that it is applicable in valuation of property, plant and equipment; It was built on active and operational values within the integrated plant and the property, plant and equipment in question were examined on a line basis.

The 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.

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

2.6 Critical Accounting Estimates and Judgements (Continued)

(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.

(iv) Employee benefits/employment termination benefits

The Company uses actuarial assumptions such as employee turnover, annual discount rates and salary increases in calculating the provision for severance pay. Details regarding the calculation are stated in the footnote of employee benefits (Note 18).

(v) Useful lives of tangible fixed assets

The Company evaluates the nature of the asset capitalized for its tangible fixed assets within the scope of TAS 16 standard and accordingly, the related assets are capitalized when they are ready for use. The company determines the useful life of an asset by considering the estimated useful lives of that asset. The useful lives determined by the Company Management were disclosed in Note 2.5.7.

2.7 Compliance Declaration to Resolutions Published by POAASA and TFRS

The Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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

	31 December 2021		31 December 2020	
	Carrying Value	Share	Carrying Value	Share
	TRY	(%)	TRY	(%)
Desa Enerji Elektrik Üretim A.Ş. ("Desa Enerji")	896,610	0.51	557,286	0.51
	896,610		557,286	

As of 31 December 2021, Desa Enerji, the available-for-sale financial asset, discounted cash flows at a discount rate of 23.94% (31 December 2020: 17.92%), considering 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.

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NOTE 3 - INTERESTS IN OTHER ENTITIES (Continued)

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

	2021	2020
1 January	557,286	404,168
Revaluation earnings of assets recorded at fair value through other comprehensive income	339,324	153,118
31 December	896,610	557,286

The movements of the fair value funds available for sale within the period of 1 January - 31 December are as follows:

	2021	2020
1 January	607,886	404,168
Fair Value Increase	339,324	203,718
31 December	947,210	607,886

NOTE 4 - SEGMENT REPORTING

Please see Note 2.5.18.

NOTE 5 - CASH AND CASH EQUIVALENTS

	31 December2021	31 December2020
Cash in hands	307	196
Banks	14,855,924	11,888,515
- Demand deposits	2,053,845	10,538,515
- Turkish Lira	749,112	1,006,236
- Foreign currency	1,304,733	9,532,279
- Time deposits	12,802,079	1,350,000
- Turkish Lira	3,350,000	1,350,000
- Foreign currency	9,452,079	-
Other	3,142,836	8,008,448
	17,999,067	19,897,159

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NOTE 5 - CASH AND CASH EQUIVALENTS(Continued)

As of 31 December 2021, the Company have TRY12,802,079 time deposits and annual interest rate is 18.25% (31 December 2020: 17.25%). As of 31 December 2021, foreign currency deposits include USD477,103, EUR87,431 and GBP176,386. (2020: USD51,341 and EUR1,009,023, GBP6,661). Other cash equivalents consist of credit card receivables with average maturity of 30 days (2020: 30 days).

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

NOTE 6 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The receivables from and payables to related parties as at 31 December 2021 and 2020 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 2021	31 December 2020
Yaşar Dış Ticaret A.Ş. ("YDT")	7,994,131	3,926,090
Other	71,050	881,233
	8,065,181	4,807,323

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

The breakdown of trade and other receivables from related parties as of 31 December 2021 and 2020 are as follows:

Overdue	3,609,557	754,235
0-30 days	4,455,624	4,053,088
	8,065,181	4,807,323

The aging of overdue trade receivables from related parties and credit risk analysis as of 31 December 2021 and 2020 are further explained in Note 32.a.

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NOTE 6 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)**b) Short-term trade payables to related parties:**

	31 December 2021	31 December 2020
Yadex Export International GmbH ("Yadex")	29,835,458	3,099,175
Desa Enerji	4,119,426	1,010,718
YDT	3,852,339	4,009,426
Yaşar Birleşik Pazarlama Dağıtım Turizm ve Ticaret A.Ş. ("YBP")	2,907,321	2,383,048
Desa Elektrik A.Ş. ("Desa Elektrik")	2,438,812	902,827
Yaşar Holding	1,243,224	968,786
Pınar Su ve İçecek A.Ş. ("Pınar Su")	122,330	361,189
Other	203,462	148,512
	44,722,372	12,883,681

As of 31 December 2021, 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.

c) Other short-term payables to related parties:

Yaşar Holding	2,247,706	565
Yaşar Bilgi İşlem ve Ticaret A.Ş. ("Yaşar Bilgi İşlem")	1,677,853	3,375,446
	3,925,559	3,376,011

Other payables to Yaşar Bilgi İşlem consist of non-commercial short-term debts obtained by the related parties of the Company and the annual effective interest rate applied is 20.25% and within 1 month (31 December 2020: Yaşar Holding and Yaşar Bilgi İşlem consist of non-commercial short-term debts obtained by the related parties of the Company and the annual effective interest rate applied is 20.25% and within 1 month).

d) Short-term borrowings:

YDT	23,279,292	-
YBP	18,189,000	-
	41,468,292	-

Short-term borrowings consist of loan principal and interest accruals that the Company has taken over from YDT and YBP under the same conditions. (Note 15)

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NOTE 6 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)**ii. Transactions with related parties:**

	1 January - 31 December 2021	1 January - 31 December 2020
a) Product sales:		
YDT	84,303,671	67,472,923
Other	669,584	109,882
	84,973,255	67,582,805

b) Product purchases:

Yadex	23,718,493	10,026,931
	23,718,493	10,026,931

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

c) Services purchases:

Desa Elektrik	11,257,479	11,412,190
Desa Enerji	7,262,553	3,461,038
Yaşar Holding	4,169,366	3,237,673
YDT	1,694,168	1,485,950
Other	1,749,844	1,140,275
	26,133,410	20,737,126

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.

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

Yaşar Holding	228,860	187,003
Other	68,287	22,240
	297,147	209,243

e) Sales of property, plant and equipment and intangible assets:

Pınar Süt	-	400,000
	-	400,000

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

	1 January - 31 December 2021	1 January - 31 December 2020
f) Dividends received:		
Desa Enerji	38,442	32,637
	38,442	32,637

g) Finance expenses:		
YDT	744,104	525,330
Yaşar Holding	424,406	773,727
Yaşar Bilgi İşlem	283,976	453,747
Other	189,000	708,830
	1,641,486	2,461,634

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 1% per year (2020: 1% per year).

h) Other operating income:		
YDT	6,681,005	2,172,029
Yadex	694,021	607,848
Other	124,882	70,229
	7,499,908	2,850,106

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

i) Other operating expense:		
Yadex	7,686,692	3,414,754
YDT	2,837,349	1,146,919
YBP	506,753	276,320
Other	692,786	391,260
	11,723,580	5,229,253

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.

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NOTE 6 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)**i) Bails received:**

As of 31 December 2021, the Company received bails from Yaşar Holding, YBP, YDT and Desa Enerji, Yaşar Group Companies, regarding the loan amounting TRY128,971,307 which is obtained from domestic financial institutions (2020: TRY137,516,946).

j) Key management compensation:

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

	1 January - 31 December 2021	1 January - 31 December 2020
Short-term benefits	1,696,426	1,459,024
Other long-term benefits	42,759	28,854
	1,739,185	1,487,878

NOTE 7 - TRADE RECEIVABLES AND PAYABLES

	31 December 2021	31 December 2020
a) Trade receivables from third parties:		
Customer current accounts	45,512,352	34,072,585
Cheques and notes receivable	18,296,020	16,501,167
	63,808,372	50,573,752
Less: Provision for doubtful receivables	(4,837,211)	(4,837,211)
	58,971,161	45,736,541

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

Overdue	2,257,426	1,783,997
0 - 30 days	12,448,357	12,317,200
31 - 60 days	15,587,476	15,187,702
61 - 90 days	26,760,663	14,009,640
91 days and over	1,917,239	2,438,002
	58,971,161	45,736,541

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NOTE 7 - TRADE RECEIVABLES AND PAYABLES(Continued)

As of 31 December 2021 and 2020, the aging of overdue trade receivables from non-related parties is as follows:

	31 December 2021	31 December 2020
0 - 30 days	1,707,337	1,251,366
31 - 60 days	148,423	781
61 days and over	401,666	531,850
	2,257,426	1,783,997

The aging and credit risk analysis of overdue receivables as of 31 December 2021 and 2020 are disclosed in detail in Note 32.a.

As of 31 December 2021, a significant portion of the trade receivables amounting to TRY2,257,426, which is overdue but not impaired, has been collected from customers in the following period.

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:

Notes payable	85,969,241	60,315,865
Supplier current accounts	44,548,290	21,438,553
	130,517,531	81,754,418

TRY 7,721,460 (2020: TRY4,748,436) of trade payables is overdue for 1 month on average as of 31 December 2021 (2020: 1 month).

NOTE 8 - OTHER RECEIVABLES AND PAYABLES

	31 December 2021	31 December 2020
a) Other short-term receivables from third parties:		
Receivable from personnel	35,563	16,805
Receivable from insurance companies	12,242	16,813
Other	235,636	222,856
	283,441	256,474
b) Other short-term payables to third parties:		
Taxes and funds payable	1,288,726	870,314
Other	138,124	49,328
	1,426,850	919,642

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NOTE 9 – INVENTORIES

	31 December 2021	31 December 2020
Raw materials	36,582,451	13,595,800
Work in progress	9,574,829	12,518,370
Finished goods	7,487,350	5,777,265
Trade goods	938,082	422,093
Other	1,013,309	508,148
	55,596,021	32,821,676

Raw materials and materials mainly consist of cellulose and recyclable papers used in the production of tissue paper. As of December 31, 2021, the Company has goods on the road amounting to TRY 20,448,799 (As of December 31, 2020, the Company has no goods on the road).

Cost of raw materials and materials expensed in the current period and associated with the cost of sales is TRY 194,465,088 (2020: TRY 119,904,086) (Note 19).

NOTE 10 - PREPAID EXPENSES AND DEFERRED INCOME

	31 December 2021	31 December 2020
a) Prepaid expenses:		
Short-term prepaid expenses	770,140	162,655
Long-term prepaid expenses	437,731	1,281,499
	1,207,871	1,444,154
Short-term prepaid expenses:		
Prepaid expenses	770,140	162,651
	770,140	162,651
Long-term prepaid expenses:		
Prepaid expenses	437,731	-
Advances given	-	1,281,498
	437,731	1,281,498
b) Deferred income:		
Advances received	2,613,214	1,670,168
	2,613,214	1,670,168

Order advances received as of 31 December 2021 and 31 December 2020 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 (2020: one year).

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NOTE 11 - PROPERTY, PLANT, EQUIPMENT AND RIGHT OF USE ASSETS**a) Property, Plant, Equipment**

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

	1 January 2021	Additions	Netting off Acc. Depr. Before Transfers	Revaluation	31 December Revaluation	2021
Cost/valuation:						
Land	55,380,000	-	-	-	59,288,168	114,668,168
Buildings and land improvements	35,885,051	2,906,499	3,961,951	(3,663,705)	30,846,788	69,936,584
Machinery, plant and equipment	125,732,387	450,389	32,953,087	(22,598,860)	108,560,412	245,097,415
Motor vehicles	267,951	-	-	-	-	267,951
Furniture and fixtures	7,252,756	508,777	301,674	-	-	8,063,207
Construction in progress	3,979,607	33,868,653	(37,216,712)	-	-	631,548
	228,497,752	37,734,318	-	(26,262,565)	198,695,368	438,664,873
Less: Accumulated depreciation:						
Buildings and land improvements	(1,772,766)	(1,890,939)	-	3,663,705	-	-
Machinery, plant and equipment	(14,130,823)	(8,468,037)	-	22,598,860	-	-
Motor vehicles	(136,615)	(48,456)	-	-	-	(185,071)
Furniture and fixtures	(6,129,912)	(410,395)	-	-	-	(6,540,307)
	(22,170,116)	(10,817,827)	-	26,262,565	-	(6,725,378)
Net book value	206,327,636					431,939,495

In the year ended 31 December 2021, 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 2021 arises from the building activations of the production

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

a) Property, Plant, Equipment

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

	1 January 2020	Additions	Disposals	31 December Transfers	2020
Cost/revaluation:					
Land	55,380,000	-	-	-	55,380,000
Buildings and land improvements	34,140,000	-	(35,142)	1,780,193	35,885,051
Machinery, plant and equipment	112,850,790	4,392,593	(192,946)	8,681,950	125,732,387
Motor vehicles	267,951	-	-	-	267,951
Furniture and fixtures	6,899,095	144,197	-	209,464	7,252,756
Construction in progress	2,471,033	12,180,181	-	(10,671,607)	3,979,607
	212,008,869	16,716,971	(228,088)	-	228,497,752
Less: Accumulated depreciation:					
Buildings and land improvements	-	(1,807,908)	35,142	-	(1,772,766)
Machinery, plant and equipment	(6,822,364)	(7,501,405)	192,946	-	(14,130,823)
Motor vehicles	(88,157)	(48,458)	-	-	(136,615)
Furniture and fixtures	(5,741,471)	(388,441)	-	-	(6,129,912)
	(12,651,992)	(9,746,212)	228,088	-	(22,170,116)
Net book value	199,356,877				206,327,636

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NOTE 11 - PROPERTY, PLANT, EQUIPMENT AND RIGHT OF USE ASSETS (Continued)**b) Right of Use Assets**

	1 January 2021	Additions	31 December 2021
Cost:			
Machinery and equipment	1,499,039	-	1,499,039
Motor vehicles	1,638,406	-	1,638,406
	3,137,445	-	3,137,445
Accumulated depreciation:			
Machinery and equipment	(369,819)	(347,453)	(717,272)
Motor vehicles	(899,587)	(409,973)	(1,309,560)
	(1,269,406)	(757,426)	(2,026,832)
Net book value	1,868,039		1,110,613
	1 January 2020	Additions	31 December 2020
Cost:			
Machinery and equipment	746,201	752,838	1,499,039
Motor vehicles	1,455,348	183,058	1,638,406
	2,201,549	935,896	3,137,445
Accumulated depreciation:			
Machinery and equipment	(142,134)	(227,685)	(369,819)
Motor vehicles	(434,586)	(465,001)	(899,587)
	(576,720)	(692,686)	(1,269,406)
Net book value	1,624,829		1,868,039

Current year's depreciation and amortization costs amounting to TRY10,331,623 (2020: TRY8,971,928) are charged to production cost and TRY631,402 (2020: TRY653,538) to general administrative expenses (Note 23.b), TRY722,475 (2020: TRY981,458) to marketing expenses (Note 23.a) and TRY148,718 (2020: TRY71,345) to research and development expenses (Note 23.c).

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

As of 31 December 2021, and 2020, 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 2021 and 2020 were as follows:

	2021	2020
1 January	106,992,106	110,837,024
Depreciation transfer resulting from revaluation increase classified to retained earnings	(4,725,191)	(4,806,148)
Fund increase due to revaluation of machinery, plant and equipment	86,848,330	-
Deferred tax calculated on the depreciation of the revaluation fund classified in retained earnings	945,038	961,230
Disposal from revaluation reserve due to sales of property, plant and equipment - net	78,036,781	-
31 December	268,097,064	106,992,106

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 2021 and 2020 are as follows:

31 December 2021:	Land	Buildings and land improvements	Machinery and equipment
Cost	741,930	32,150,958	174,141,464
Less: Accumulated depreciation	-	(19,594,482)	(97,198,247)
Net book value	741,930	12,556,476	76,943,217
31 December 2020:	Land	Buildings and land improvements	Machinery and equipment
Cost	741,930	25,282,508	140,963,428
Less: Accumulated depreciation	-	(17,703,543)	(88,955,649)
Net book value	741,930	7,578,965	52,007,779

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NOTE 12 - INTANGIBLE ASSETS

	1 January 2021	Additions	31 December 2021
Cost	3,527,281	453,182	3,980,463
Less: Accumulated depreciation	(2,672,231)	(258,965)	(2,931,196)
Net book value	855,050		1,049,267
	1 January 2020	Additions	31 December 2020
Cost	3,314,033	213,248	3,527,281
Less: Accumulated depreciation	(2,432,860)	(239,371)	(2,672,231)
Net book value	881,173		855,050

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 2021	31 December 2020
Short-term borrowings	202,365,930	127,708,509
Short-term portion of long-term borrowings	66,838,055	44,068,496
Short-term finance lease payables	1,917,151	1,973,144
Short-term financial liabilities	271,121,136	173,750,149
Long-term borrowings	34,178,894	28,721,377
Long-term finance lease payables	738,749	2,161,182
Long-term financial liabilities	34,917,643	30,882,559
Total financial liabilities	306,038,779	204,632,708

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NOTE 15 - BORROWINGS AND BORROWING COSTS (Continued)a) **Bank loans:**

	Effective weighted average		Original currency		TRY equivalent	
	interest rate p.a. (%)					
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Short-term borrowings:						
TRY borrowings	19.34	19.23	181,158,861	127,708,509	181,158,861	127,708,509
EUR borrowings	2.68	-	1,403,150	-	21,207,069	-
Short-term portion of long-term borrowings:						
TRY borrowings	17.19	13.12	21,180,369	44,068,496	21,180,369	44,068,496
EUR borrowings	2.65	-	3,020,907	-	45,657,686	-
Total short-term borrowings					269,203,985	171,777,005
Long-term borrowings:						
TRY borrowings	14.93	13.12	34,178,894	28,721,377	34,178,894	28,721,377
Total long-term borrowings					34,178,894	28,721,377
Total borrowings					303,382,879	200,498,382

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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 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
2022	-	16,294,070
2023	11,961,290	8,451,944
2024	4,271,498	2,590,962
2025	17,604,236	1,384,401
2026	341,870	-
	34,178,894	28,721,377

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

	Carrying Amount		Fair Value	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Bank borrowings	303,382,879	200,498,382	314,661,024	208,965,358

The fair values are based on cash flows discounted using the effective weighted rates based on the borrowing rate of 18,97% p.a. for TRY denominated bank borrowings, respectively (2020: The fair values are based on cash flows discounted using the effective weighted rates based on the borrowing rate of 10.25% p.a. for TRY denominated bank borrowings, respectively).

The movement schedule of net borrowings as of 31 December 2021 and 2020 are as follows:

	2021	2020
1 January	204,269,794	138,033,295
Cash inflows from borrowings	214,604,083	142,800,000
Cash outflows from borrowings	(126,462,701)	(88,858,031)
Effect of interest accrual	(1,089,908)	(1,137,041)
Cash outflows from lease liabilities	(611,864)	(1,061,513)
Change in cash and cash equivalents	(1,898,092)	14,493,084
31 December	288,811,312	204,269,794

NOTE 16 - OTHER FINANCIAL LIABILITIES

None (2020: None).

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NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	31 December 2021	31 December 2020
a) Short-term provisions:		
Provisions for lawsuit	269,286	606,627
	269,286	606,627
Movements of provisions for lawsuit in current period are as follows:		
1 January	606,627	572,776
Provision allocated in the period	-	33,851
Provisions of lawsuit no longer required	(337,341)	-
31 December	269,286	606,627
b) Guarantees received:		
Bails	128,971,307	137,516,946
Letters of guarantee	37,680,700	29,425,524
Mortgages	1,476,800	1,476,800
	168,128,807	168,419,270
Bails received as of 31 December 2021, 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 TRY128,971,307 (2020: TRY137,516,946).		
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	78,632,083	5,299,759
	78,632,083	5,299,759

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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 2021 and 2020 were as follows:

	31 December 2021			31 December 2020		
	Currency	Amount	TRY Equivalent	Currency	Amount	TRY Equivalent
CPM provided by the Company:						
A. Total amount of CPM given on behalf of the Company			78,632,083			5,299,759
	EUR	4,570,000	71,791,025	-	-	-
	TRY	6,571,058	6,571,058	TRY	5,299,759	5,299,759
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		-	-	-	-	-
			78,362,083			5,299,759

The ratio of total amount of other CPM to equity

-

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NOTE 18 - EMPLOYEE BENEFITS

	31 December 2021	31 December 2020
a) Payables for employee benefits:		
Social security premiums payable	1,487,814	568,974
Payables to personnel	162,254	162,265
	1,650,068	731,239
b) Long-term provisions for employee benefits:		
Provision for employment termination benefits	10,997,535	9,445,409
Senior incentive bonus	398,125	401,734
	11,395,660	9,847,143

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 TRY8,284.51 at 31 December 2021 (31 December 2020: TRY7,117.17).

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 TRY10,848.59 (1 January 2021: TRY7,638.96) effective from 1 January 2022 since the retirement pay provision is set every six months. The following actuarial assumptions were used to calculate the total liability.

	31 December 2021	31 December 2020
Discount rate (p.a.) (%)	4.35	4.70
Probability of retirement (%)	96.05	93.28

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NOTE 18 - EMPLOYEE BENEFITS (Continued)

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

	2021	2020
1 January	9,445,409	5,726,331
Interest costs	2,502,235	1,130,471
Actuarial loss	342,919	2,691,203
Current service cost	773,190	617,374
Paid during the year	(2,066,218)	(719,970)
31 December	10,997,535	9,445,409

The total of interest cost and current service cost amounting to TRY3,275,425 (2020: TRY1,747,845) were allocated to general administrative expenses for TRY773,190 and to financial expense for TRY2,502,235.

NOTE 19 - EXPENSES BY NATURE

	1 January - 31 December 2021	1 January - 31 December 2020
Raw materials	194,465,088	119,904,086
Energy	49,178,516	33,718,408
Staff costs	28,158,037	23,383,054
Transportation	17,062,028	12,806,553
Outsourced services	16,930,644	12,878,327
Repair and maintenance	14,933,862	11,455,706
Depreciation and amortization	11,834,221	10,678,269
Consultancy charges	2,729,150	2,275,265
Advertisement	943,962	594,546
Other	7,963,111	8,392,146
	344,198,619	236,086,360

Fees for Services Obtained from Independent Auditor/Independent Audit

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

	1 January - 31 December 2021	1 January - 31 December 2020
Independent audit fee for the reporting period	78,000	70,000
	78,000	70,000

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NOTE 20 - OTHER ASSETS AND LIABILITIES

	31 December 2021	31 December 2020
a) Other current assets:		
Value Add Tax "VAT" receivable	1,217,663	777,278
Other	5,464	2,558
	1,223,127	779,836

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 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
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 nonrecurring-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 2021 and 2020 were as follows:

Shareholders	31 December 2021		31 December 2020	
	Share (%)	Share Amount (TRY)	Share (%)	Share Amount (TRY)
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	100.00	42,000,000	100.00	42,000,000

The Company has 4,200,000,000 (31 December 2020: 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 2021.

As of 31 December 2021, share premium amounting to TRY253,929 (2020: TRY253,929) represents the difference between face value and selling price of common stocks offered to the public.

The legal reserves consist 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 2021 (2020: None).

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NOTE 22 - REVENUE AND COST OF SALES

	1 January - 31 December 2021	1 January - 31 December 2020
Domestic sales	299,915,937	218,800,812
Export sales	84,653,869	67,472,923
	384,569,806	286,273,735
Less: Discounts	(43,652,639)	(32,385,654)
Returns	(849,742)	(967,936)
Net sales	340,067,425	252,920,145
Cost of sales	(294,871,177)	(196,470,940)
Gross profit	45,196,248	56,449,205

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

	1 January - 31 December 2021	1 January - 31 December 2020
a) Marketing expenses:		
Transportation	17,015,656	12,759,742
Personnel	5,195,735	4,056,132
Outsourced services	3,395,626	2,776,537
Export commission	2,674,776	2,141,898
Licence	1,383,362	1,047,730
Advertisement	943,962	594,546
Depreciation and amortisation	722,475	981,458
Rent	681,876	104,484
Energy	304,347	248,236
Other	977,402	868,691
	33,295,217	25,579,454

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NOTE 23 - GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES AND RESEARCH AND DEVELOPMENT EXPENSES(Continued)

	1 January - 31 December 2021	1 January - 31 December 2020
b) General administrative expenses:		
Personel	4,522,577	3,593,746
Outsourced services	3,361,832	2,873,989
Consultancy	2,729,150	2,273,765
Tax (other than corporation tax)	912,966	840,965
Employment termination benefit	773,190	617,374
Depreciation and amortisation	631,402	653,538
Energy	453,500	333,523
Representation	179,749	126,790
Other	412,464	1,000,332
	13,976,830	12,314,022

c) Research and development expenses:

Personel	1,311,618	1,024,081
Outsourced services	555,283	568,906
Depreciation and amortisation	148,718	71,345
Other	39,776	57,612
	2,055,395	1,721,944

NOTE 24 - OTHER OPERATING INCOME AND EXPENSES

	1 January - 31 December 2021	1 January - 31 December 2020
a) Other operating income:		
Foreign exchange gain arising from trading activities	12,343,386	10,969,117
Scrap sales income	679,693	379,064
Other	482,900	1,419,580
	13,505,979	12,767,761

b) Other operating expenses:

Foreign exchange loss arising from trading activities	(61,451,232)	(22,381,825)
Interest expense	(1,693,500)	(908,926)
Provision for doubtful receivables	-	(347,000)
Other	(444,129)	(1,295,255)
	(63,588,861)	(24,933,006)

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NOTE 25 - INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

Income from investment activities:	1 January - 31 December 2021	1 January - 31 December 2020
Dividend income	38,442	32,637
Gain on property, plant and equipment sale	1,271	303,749
	39,713	336,386

NOTE 26 - EXPENSES CLASSIFIED BY CLASS

Please refer to Note 19.

NOTE 27 - FINANCIAL INCOME/(EXPENSES)

	1 January - 31 December 2021	1 January - 31 December 2020
a) Finance income:		
Foreign exchange gain	6,745,674	3,291,188
Interest income	412,941	236,109
	7,158,615	3,527,297
b) Finance expense:		
Interest expense	(36,850,426)	(25,665,978)
Foreign exchange loss	(27,153,714)	(1,074,485)
Bail expense and bank commissions	(4,855,011)	(4,640,548)
Other	(6,031,657)	(3,466,086)
	(74,890,808)	(34,847,097)

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 2021 and 2020 are summarised as follows:

	31 December 2021	31 December 2020
Less: Prepaid corporate tax	23,950	36,163
Current income tax assets	23,950	36,163

Tax income for the periods ended at 31 December 2021 and 2020 are summarised as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Deferred tax (expense)/income	3,660,722	(466,743)
Total tax (expense)/income	3,660,722	(466,743)

Corporation tax is payable at a rate of 25% (2020: 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.

The Law was published in the Official Gazette on 5 December 2017. Accordingly, the corporate income tax rate for all companies will be increased from 20% to 22% for the years 2018, 2019 and 2020. The deferred tax was accounted for at a rate of 20% as of 31 December 2020. The deferred tax calculation as of 31 December 2020 was accounted for at a rate of 20% which became applicable since 2021.

Corporations are required to pay advance corporation tax quarterly at the rate of 25% (2020: 22%) 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 be refunded or offset against other liabilities to the government.

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

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.

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

The law on amending the Tax Procedure Law and the Corporate Tax Law was enacted on January 20, 2022, It has been enacted with the number 7352 and it has been decided that the financial statements will not be subject to inflation adjustment in the 2021 and 2022 accounting periods, including the temporary accounting periods, and in the provisional tax periods of the 2023 accounting period, regardless of whether the conditions for the inflation adjustment within the scope of the repeated Article 298 are met.

The reconciliation of the tax expense for the periods between 1 January - 31 December 2021 and 2020 are as follows:

	1 January - 31 December 2020	1 January - 31 December 2021
Loss before tax	(121,906,556)	(26,314,874)
Tax calculated using the current tax rate	30,476,639	5,789,272
Non-deductible expenses	(4,211,644)	(916,951)
Income not subject to tax	570,270	248,850
Current period loss over which no deferred income tax asset was recognized	(24,334,424)	(5,891,956)
Other	1,159,881	304,042
Total tax (expense)/income	3,660,722	(466,743)

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.

Details of cumulative temporary differences and the resulting deferred tax assets and liabilities provided at 31 December 2021 and 2020, using enacted tax rates at the balance sheet dates, were as follows:

	<u>Cumulative</u> <u>temporary differences</u>		<u>Deferred tax</u> <u>assets/(liabilities)</u>	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Revaluation of land, land improvements, buildings, machinery and equipment	320,504,187	127,012,392	(52,407,123)	(20,020,286)
Difference between carrying values (excluding revaluation reserve) and tax bases of property, plant and equipment and intangible assets	22,071,080	18,154,197	(4,445,490)	(3,662,116)
Provision for employment termination benefits	(10,997,535)	(9,445,409)	2,199,507	1,889,082
Other	(8,564,309)	4,845,334	1,712,862	(1,065,973)
Deferred income tax assets/liabilities - net			(52,940,244)	(22,859,293)

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

The Company did not recognise deferred income tax assets of TRY34,171,364 (2020: TRY16,710,521) 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 2021 and 2020 are as follows:

Expiration years	31 December 2021	31 December 2020
2021	-	4,996,917
2022	6,472,433	6,472,433
2023	19,308,828	19,308,828
2024	29,296,119	29,296,119
2025	17,470,876	17,470,876
2026	97,337,697	-
	169,885,953	77,545,173

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 2021	1 January - 31 December 2020
Net loss for the period	A	(118,245,834)	(26,781,617)
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	(2.8154)	(0.6377)

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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 32.c.i.

NOTE 32 - 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 re-evaluated 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 2021 and 2020 are as follows:

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NOTE 32 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)**31 December 2021**

	Receivables				Bank Deposits and Other Cash Equivalents	Total
	Trade Receivables (1)		Other Receivables			
	Related Parties	Third Parties	Related Parties	Third Parties		
Maximum amount of credit risk exposed as of reporting date (A+B+C+D+E) (2)	8,065,181	58,971,161	-	283,441	17,999,067	84,929,231
- The part of maximum credit risk covered with guarantees	-	32,160,519	-	-	-	32,160,519
A. Net book value of financial assets not due or not impaired (3)	4,455,624	56,713,735	-	283,441	17,999,067	79,062,248
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)	3,609,557	2,257,426	-	-	-	5,866,983
- The part covered by guarantees	-	245,981	-	-	-	245,981
D. Net book value of assets impaired	-	-	-	-	-	-
- Past due amount (gross book value)	-	4,837,211	-	-	-	4,837,211
- Impairment amount (-)	-	(4,837,211)	-	-	-	(4,837,211)
- 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 32 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

31 December 2020

	Receivables				Bank Deposits and Other Cash Equivalents	Total
	Trade Receivables (1)		Other Receivables			
	Related Parties	Third Parties	Related Parties	Third Parties		
Maximum amount of credit risk exposed as of reporting date (A+B+C+D+E) (2)	4,807,323	45,736,541	-	256,474	19,897,159	70,697,497
- The part of maximum credit risk covered with guarantees	-	10,580,000	-	-	-	10,580,000
A. Net book value of financial assets not due or not impaired (3)	4,053,088	43,952,544	-	256,474	19,897,159	68,159,265
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)	754,235	1,783,997	-	-	-	2,538,232
- The part covered by guarantees	-	455,481	-	-	-	455,481
D. Net book value of assets impaired	-	-	-	-	-	-
- Past due amount (gross book value)	-	4,837,211	-	-	-	4,837,211
- Değer düşüklüğü (-)	-	(4,837,211)	-	-	-	(4,837,211)
- The part covered by guarantees	-	-	-	-	-	-
- Not due (gross book value)	-	-	-	-	-	-
- Impairment amount (-)	-	-	-	-	-	-
- The part covered by guarantees	-	-	-	-	-	-
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 32 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

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

31 December 2021	Trade Receivables		Total
	Related Parties	Third Parties	
1 - 30 days overdue	2,915,140	1,707,337	4,622,477
1 - 3 months overdue	-	148,423	148,423
3 - 12 months overdue	694,417	401,666	1,096,083
<i>The amount covered by guarantees</i>	-	(245,981)	(245,981)
	3,609,557	2,257,426	5,866,983

31 December 2020	Trade Receivables		Total
	Related Parties	Third Parties	
1 - 30 days overdue	145,279	1,251,366	1,396,645
1 - 3 months overdue	114,621	97,017	211,638
3 - 12 months overdue	494,335	435,614	929,949
<i>The amount covered by guarantees</i>	-	(455,481)	(455,481)
	754,235	1,783,997	2,538,232

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 32 - 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 2021 and 2020 are as follows:

31 December 2021:	Carrying Value	Total Cash Outflows Per Agreement (=I+II+III)	Less than 3 Months (I)	3 - 12 Months (II)	1 - 5 Years (III)
Contractual Maturity Dates:					
Financial liabilities	306,038,779	331,306,512	46,960,163	241,138,283	43,208,066
Trade payables	175,239,903	175,239,903	175,239,903	-	-
	481,278,682	506,546,415	222,200,066	241,138,283	43,208,066

31 December 2020:	Carrying Value	Total Cash Outflows Per Agreement (=I+II+III)	Less than 3 Months (I)	3 - 12 Months (II)	1 - 5 Years (III)
Contractual Maturity Dates:					
Financial liabilities	204,632,708	220,938,720	63,172,647	129,044,696	28,721,377
Trade payables	94,638,099	94,638,099	94,638,099	-	-
	299,270,807	315,576,819	157,810,746	129,044,696	28,721,377

c) Market risk:**i) Foreign currency risk:**

The Company is exposed to foreign exchange risks through the impact of rate changes on translation into TRY of foreign currency denominated assets and liabilities. 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 32 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

	Foreign Currency Position							
	31 December 2021				31 December 2020			
	TRY Equivalent	USD	EUR	Other	TRY Equivalent	USD	EUR	Other
1. Trade Receivables	8,180,689	345,450	161,060	1,146,318	3,926,085	454,325	49,504	145,185
2a. Monetary Financial Assets (Cash, Bank accounts included)	10,757,079	477,103	87,437	3,078,641	9,532,435	51,341	1,009,029	66,334
2b. Non-Monetary Financial Assets	-	-	-	-	-	-	-	-
3. Other	-	-	-	-	-	-	-	-
4. Current Assets (1+2+3)	18,937,768	822,553	248,497	4,224,959	13,458,520	505,666	1,058,533	211,519
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)	18,937,768	822,553	248,497	4,224,959	13,458,520	505,666	1,058,533	211,519
10. Trade Payables	125,281,166	6,690,874	2,377,309	7,515	64,891,454	8,270,121	464,076	4,281
11. Financial Liabilities	66,864,755	-	4,424,057	-	-	-	-	-
12a. Other Monetary Liabilities	-	-	-	-	-	-	-	-
12b. Other Non-Monetary Liabilities	-	-	-	-	-	-	-	-
13. Short-Term Liabilities ((10+11+12)	192,145,921	6,690,874	6,801,366	7,515	64,891,454	8,270,121	464,076	4,281
14. Trade Payables	-	-	-	-	-	-	-	-
15. Financial Liabilities	-	-	-	-	-	-	-	-
16a. Other Monetary Liabilities	-	-	-	-	-	-	-	-
17. Long-Term Liabilities (14+15+16)	-	-	-	-	-	-	-	-
18. Total Liabilities (13+17)	192,145,921	6,690,874	6,801,366	7,515	64,891,454	8,270,121	464,076	4,281
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)	(173,208,153)	(5,868,321)	(6,552,869)	4,217,444	(51,432,935)	(7,764,455)	594,457	207,238
21. Net Foreign Currency Asset/Liability	-	-	-	-	-	-	-	-
Position of Monetary Items (=1+2a+3+5+6a-10-11-12a-14-15-16a)	(173,208,153)	(5,868,321)	(6,552,869)	4,217,444	(51,432,934)	(7,764,455)	594,457	207,238
22. Amount of Foreign Currency Denominated Liabilities Hedged	-	-	-	-	-	-	-	-
23. Export	84,653,869	4,678,068	1,128,836	35,268,449	67,472,923	5,595,413	1,277,990	15,061,755
24. Import	114,744,526	12,432,020	850,857	277,351	76,633,423	10,095,083	972,060	109,334

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NOTE 32 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

As of 31 December 2021, and 2020, the sensitivity analysis of exchange rate risk are as follows:

31 December 2021	Profit/(Loss)		Equity	
	Appreciation of Foreign Currency	Depreciation of Foreign Currency	Appreciation of Foreign Currency	Depreciation of Foreign Currency
Change of USD by 10% against TRY:				
1- Asset/liability denominated in USD - net	(7,615,614)	7,615,614	(7,615,614)	7,615,614
2- The part of USD risk hedged (-)	-	-	-	-
3- USD Effect - net (1+2)	(7,615,614)	7,615,614	(7,615,614)	7,615,614
Change of EUR by 10% against TRY:				
4- Asset/liability denominated in EUR - net	(9,621,119)	9,621,119	(9,621,119)	9,621,119
5- The part of EUR risk hedged (-)	-	-	-	-
6- EUR Effect - net (4+5)	(9,621,119)	9,621,119	(9,621,119)	9,621,119
Change of other currencies by 10% against TRY:				
7- Asset/liability denominated in other currencies - net	421,744	(421,744)	421,744	(421,744)
8- - The part of other currency risk hedged (-)	-	-	-	-
9- Other Foreign Currencies Effect - net (7+8)	421,744	(421,744)	421,744	(421,744)
TOTAL (3+6+9)	(16,814,989)	16,814,989	(16,814,989)	16,814,989

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NOTE 32 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

31 December 2020	Profit/(Loss)		Equity	
	Appreciation of Foreign Currency	Depreciation of Foreign Currency	Appreciation of Foreign Currency	Depreciation of Foreign Currency
Change of USD by 10% against TRY:				
1- Asset/liability denominated in USD - net	(5,699,498)	5,699,498	(5,699,498)	5,699,498
2- The part of USD risk hedged (-)	-	-	-	-
3- USD Effect - net (1+2)	(5,699,498)	5,699,498	(5,699,498)	5,699,498
Change of EUR by 10% against TRY:				
4- Asset/liability denominated in EUR - net	509,492	(509,492)	509,492	(509,492)
5- The part of EUR risk hedged (-)	-	-	-	-
6- EUR Effect - net (4+5)	509,492	(509,492)	509,492	(509,492)
Change of other currencies by 10% against TRY:				
7- Asset/liability denominated in other currencies - net	20,724	(20,724)	20,724	(20,724)
8- The part of other currency risk hedged (-)	-	-	-	-
9- Other Foreign Currencies Effect - net (7+8)	20,724	(20,724)	20,724	(20,724)
TOTAL (3+6+9)	(5,169,282)	5,169,282	(5,169,282)	5,169,282

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NOTE 32 - 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 2021	31 December 2020

Financial instruments with fixed interest rate

Financial assets	85,318,850	70,697,497
Financial liabilities	486,631,091	303,566,460

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.

NOTE 33 - 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, trade receivables and other receivables, 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, other financial liabilities, trade payables and other payables 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:

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NOTE 33 - FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK MANAGEMENT DISCLOSURES) (Continued)

Financial assets

The fair value of the foreign currency denominated amounts, which are translated by using the exchange rates prevailing at period-end, is considered to approximate their fair value. 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:

- 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 2021 and 2020:

31 December 2021

	Level 1	Level 2	Level 3	Total
Assets:				
Financial assets carried at fair value				
through other comprehensive income	-	-	896,610	896,610
Total assets	-	-	896,610	896,610

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NOTE 33 - FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK MANAGEMENT DISCLOSURES) (Continued)

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

31 December 2021

	Level 1	Level 2	Level 3	Total
Assets:				
Lands	-	114,668,168	-	114,668,168
Buildings and landscapes	-	69,936,584	-	69,936,584
Machinery, plant and devices	-	245,097,415	-	245,097,415
Total assets	-	429,702,167	-	429,702,167

31 December 2020

	Level 1	Level 2	Level 3	Total
Assets:				
Financial assets carried at fair value through other comprehensive income	-	-	557,286	557,286
Total assets	-	-	557,286	557,286

NOTE 34 - 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. Although the COVID-19 epidemic, which emerged in 2019 and affected all countries of the world in 2020, positively affected retail sales in the cleaning paper sector, in line with the measures implemented throughout the country, the sales of the export channel were negatively affected due to the out-of-home consumption channel and similar measures abroad. affected. During this period, the Company focused on increasing retail sales, took measures to keep market risks under control, and prioritized working capital and cash management. In 2022, it is expected that the out-of-home consumption and export channel sales will be positively affected by the developments and normalization with the help of starting the controlling of the epidemic.
- ii. During the COVID-19 pandemic, while consumers' needs for hygiene and cleanliness diversified and their demands increased, the Company worked to shape its production processes and product portfolio according to new consumption preferences. The "Lily Lemon Cologne" product, of which productions were already started in 2020, was launched at the beginning of 2021.

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NOTE 34 - OTHER MATTERS THAT MAY HAVE A MATERIAL EFFECT ON, OR BE EXPLAINED FOR THE CLEAR UNDERSTANDING OF THE FINANCIAL STATEMENTS(Continued)

- iii. In 2022 the main goal will be to increase productivity through new structuring by reviewing the efficiency of the current workflows 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.
 - Increasing revenue and profitability by supporting products with high contribution margin in the product portfolio.
 - 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.
- iv. 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 wastepaper. Since the costs related to the wastepaper 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. The Company plans to increase the capacity of the recycling facility with an investment planned for the last quarter of 2021.
- i. As one of the leading companies in the sector in terms of recycled production, the Company increased its share of recycled production in its total paper production capacity with the investment it commissioned at the end of 2021. The cleaning papers to be produced with this investment will increase the sales volume and profitability, especially in the Export Channel.
- ii. The Company continues to negotiate with suppliers and potential suppliers of cellulose and wastepaper to buy the raw materials that are most suitable for the production structure at the most advantageous prices.
- iii. The Company continuously rehabilitates its dealers, considering 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.
- iv. The Company is trying to make the most suitable sales distribution, considering 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.

NOTE 35 - SUBSEQUENT EVENTS

None. (31 December 2020: None).

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INFORMATION FOR INVESTORS

Stock Market

The shares of Viking Kağıt ve Selüloz A.Ş. are traded on the Borsa İstanbul Submarket under the symbol VKING.

Public Offering Date: 24.10.1994 (first transaction date)

Ordinary General Meeting

In line with the decision taken by the Board of Directors of Viking Kağıt ve Selüloz A.Ş., the Ordinary General Assembly meeting of the Company will be held on Wednesday, March 30, 2022, at 09.30 at the Altın Yunus Çeşme Turistik Tesisleri in Altın Yunus Mah. 3215 Sok. No: 38 Çeşme/Izmir.

Dividend Distribution Policy

The Dividend Distribution Policy for 2013 and subsequent years prepared in line with the Capital Market Legislation of Viking Kağıt ve Selüloz A.Ş. was submitted for the approval of the 2013 Ordinary General Assembly and disclosed to the public, and this information is available on the corporate website (www.viking.com.tr) on the investor relations page both in Turkish and English.

At the Board of Directors Meeting of our company dated 01.03.2021, it was decided to submit for the approval of the Ordinary General Assembly the decision not to distribute dividends due to the fact that the activities of 2020 have resulted in a loss.

Investor Relations

Viking Kağıt ve Selüloz A.Ş.

Investor Relations Department

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To access Viking Kağıt investor relations website:



Performance of Viking Stock (Compared to BIST-ALL Index and BIST WOOD, PAPER, PRINTING Index)

