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.

PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
BJK Plaza, Süleyman Seba Caddesi No:48 B Blok Kat:9 Akaretler Beşiktaş 34357 İstanbul-Turkey
T: +90 212 326 6060, F: +90 212 326 6050, www.pwc.com.tr Mersis Numaramız: 0-1460-0224-0500015

pwc

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 m^2 .	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 m^2, 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 m^2 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

CONTENTS **PAGE**

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 LIABILITES		**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 LIABILITES		**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	5	**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.)

			Other Comprehensive Income/(Expense) not to be Reclassified In Profit or Loss	
	Share Capital	**Share Premium**	**Revaluation and Remeasurement Gains of Property, Plant and Equipment**	**Loss on Remeasurement of Defined Benefit Plans**
Previous Period				
1 January 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 Accumulated Losses	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.

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.

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.

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).

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.

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:

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.

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.

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)

2.5.12 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.

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 (İ) has significant impact on the business or a member of the key management personnel of that enterprise (or its main partnership) if there is.

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)

2.5.18 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.

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.

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

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

- 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.

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

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 Decleration to Resolutions Published by POAASA and TFRS

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

NOTE 3 - INTERESTS IN OTHER ENTITIES

	31 December 2021		31 December 2020	
	Carrying Value TRY	**Share (%)**	**Carrying Value TRY**	**Share (%)**
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.

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 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**

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

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.

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 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)

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 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**

	1 January - 31 December 2021	1 January - 31 December 2020
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.

	1 January - 31 December 2021	1 January - 31 December 2020
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.

	1 January - 31 December 2021	1 January - 31 December 2020
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**

	1 January - 31 December 2021	1 January - 31 December 2020
e) Sales of property, plant and equipment and intangible assets:		
Pınar Süt	-	400,000
	-	**400,000**

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 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.

ı) 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.

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

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**

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 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**

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

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).

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 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/revaluation:						
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

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

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	Transfers	31 December 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**

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 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).

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

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**

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 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**

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

NOTE 15 - BORROWINGS AND BORROWING COSTS (Continued)

a) Bank loans:

	Effective weighted average interest rate p.a. (%)		Original currency		TRY equivalent	
	31 December 2021	**31 December 2020**	**31 December 2021**	**31 December 2020**	**31 December 2021**	**31 December 2020**
Short-term borrowings:						
TRY borrowings	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**

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 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).

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

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**

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 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			-			-

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

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

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 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**

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

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:

	31 December 2021		31 December 2020	
Shareholders	**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).

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 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**

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

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)**

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 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.

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

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 was 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.

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 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 -	**1 January - 31 December 2021**
31 December 2020		
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:

	Cumulative temporary differences		**Deferred tax assets/(liabilities)**	
	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)**

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

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)**

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:

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

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

31 December 2021	**Receivables**					
	Trade Receivables (1)		**Other Receivables**			
	Related Parties	**Third Parties**	**Related Parties**	**Third Parties**	**Bank Deposits and Other Cash Equivalents**	**Total**
Maximum amount of credit risk exposed as of reporting date (A+B+C+D+E) (2)	**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.

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

31 December 2020	Receivables					
	Trade Receivables (1)		Other Receivables			
	Related Parties	Third Parties	Related Parties	Third Parties	Bank Deposits and Other Cash Equivalents	Total
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.

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

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**	
	Related Parties	**Third Parties**	**Total**
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
The amount covered by guarantees	-	*(245,981)*	*(245,981)*
	3,609,557	**2,257,426**	**5,866,983**

31 December 2020		**Trade Receivables**	
	Related Parties	**Third Parties**	**Total**
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
The amount covered by guarantees	-	*(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.

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 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.

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 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**

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 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**

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**

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 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:

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

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**

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

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.

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).

………………

INFORMATION FOR INVESTORS

Stock Market
The shares of Viking Kağıt ve Selüloz A.Ş. are traded on the Borsa Istanbul 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
Yalı Mah. Hürriyet Cad. No: 474 Aliağa/Izmir
Phone: (232) 616 06 00 and (232) 495 00 00
Fax: (232) 484 17 89
E-mail: investorrelations@viking.com.tr

To access Viking Kağıt investor relations website:

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