AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS TOGETHER WITH INDEPENDENT AUDITOR'S REPORT FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020

(ORIGINALLY ISSUED IN TURKISH)

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**(CONVENIENCE TRANSLATION OF
INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH)**

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of AG Anadolu Grubu Holding A.Ş.

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of AG Anadolu Grubu Holding A.Ş. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

2) Basis for Opinion

We conducted our audit in accordance with the standards on auditing issued by Capital Markets Board and the standards on Independent Auditing ("SIA") which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") published by the POA, together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Deloitte.

3) Key Audit Matters

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

Key Audit Matter	How This Matter Was Addressed In the Audit
Impairment Testing of Goodwill and Intangible Assets with Indefinite Useful Lives in the Consolidated Financial Statements of Anadolu Efes Biracılık ve Malt Sanayii A.Ş. Anadolu Efes Biracılık ve Malt Sanayii A.Ş. ("Anadolu Efes"), a subsidiary of the Group and its subsidiary Coca Cola İçecek A.Ş. ("Coca-Cola"), has expanded their operations with business combinations. As a result of these business combinations, the share of goodwill and intangible assets in total assets has reached to 28% in the consolidated financial statements. Anadolu Efes and Coca-Cola managements perform annual impairment testing of its cash generating units to which goodwill has been allocated and its intangible assets with indefinite useful lives in accordance with its accounting policies. The recoverable amount of cash generating units and intangible assets with indefinite useful lives is determined based on value in use. Recoverable amount is determined based on discounted projected cash flows by using key management estimates; such as, revenue increase, weighted average cost of capital, discount rate, long-term growth rate and inflation rate. There are significant estimates and assumptions used in the impairment tests performed by the Group management and these assets have material magnitude on the consolidated financial statements thus the impairment testing of goodwill and intangible assets with indefinite useful lives is determined as a key audit matter. Related disclosures including the accounting policies for impairment testing of goodwill and intangible assets with indefinite useful lives are disclosed in Note 2 and Note 15.	The audit procedures applied including but not limited to the following are: • Assessing Group's process for the impairment testing of goodwill and intangible assets with indefinite useful lives and performing the design and implementation testing of the relevant controls, • Evaluating the appropriateness of cash generating units determined by Anadolu Efes and Coca-Cola managements, • Review of the budget processes in details (basis of estimation) and review of basis and arithmetical accuracy of models that are used for discounted projected cash flows, • Comparing forecasted cash flows for each cash generating units with its prior year's financial performance, • Through involvement of our internal valuation specialists, assessing the reasonability of key assumptions used in each cash generating unit, including earnings before interest, tax, depreciation and amortization ("EBITDA"), long term growth rates discount rates, • Comparative analysis of actual results with the initial estimations to verify the accuracy of historical estimations, • Evaluating sensitivity analysis of impairment tests for the potential changes in key assumptions made by Anadolu Efes and Coca-Cola managements, • Evaluating the appropriateness of related disclosures regarding to intangible assets with indefinite useful lives and goodwill in Note 15 in accordance with TFRS.

3) Key Audit Matter (Cont'd)

Key Audit Matter	**How This Matter Was Addressed In the Audit**
Impairment Testing of Goodwill Related to Migros Ticaret A.Ş. Migros Ticaret A.Ş. ("Migros") in which the Group has indirect 50% share, Migros has been accounted with full consolidation method as of May 1, 2019. The goodwill recorded in the consolidated financial statements related to Migros is equal to TRL 3.717.403 thousand. The share of this amount is 5% in total assets. The Group management perform annual impairment testing of its cash generating units to which goodwill has been allocated in accordance with its accounting policies. The recoverable amount of cash generating units is determined based on the weighting of weighted average of discounted cash flows of cash generating units, the market value as at December 31, 2020 and the enterprise value calculated with EBITDA multiple. These models are significantly influenced by revenue increase, growth rate, weighted average cost of capital (discount rate), multiple and control premium. There are significant estimates and assumptions used in the impairment tests performed by the Group management and these assets have material magnitude on the consolidated financial statements thus the impairment testing of goodwill is determined as a key audit matter. Related disclosures including the accounting policies for impairment testing of goodwill are disclosed in Note 2 and Note 15.	The audit procedures applied including but not limited to the following are: • Assessing the process for the impairment testing of goodwill and performing the design and implementation testing of the relevant controls, • Review of the budget processes of Migros in details (basis of estimation) and review of basis and arithmetical accuracy of models that are used for discounted projected cash flows, • Comparing revenue increase and growth rates included in forecasted cash flows with its prior year's financial performance, • Involving our internal valuation specialists for testing of weighted average cost of capital and assessing the reasonability of this calculation, • Comparison of borrowing rates, financing structure and the risk profile of Migros included in discounted cash flow models with market data, • Recalculation of the value in use of the cash generating unit by using discounted cash flow model, • Recalculation of market value of Migros as of December 31, 2020 and assessment of the control premium included in the calculation, • Involving our internal valuation specialists for testing of multiple used in comparable companies method and the percentage used for the control premium and assessing the reasonability of the margin and the percentage of control premium, • Involving our internal valuation specialists for the weighting of the methods explained above to recalculate the goodwill related to Migros in the consolidated financial statements and assessing the reasonability of the weighting method, • Evaluating the appropriateness of related disclosures regarding to goodwill in Note 2 and 15 in accordance with TFRS.

4) Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group’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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

5) Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the standards on auditing issued by Capital Markets Board and SIA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 consolidated financial statements.

As part of an audit in accordance with the standards on auditing issued by Capital Markets Board and SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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).

- Obtain an understanding of 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 Group’s internal control.

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

5) Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements (Cont’d)

- 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 Group’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 consolidated 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 auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to 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 consolidated 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) Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 398 of the Turkish Commercial Code No. 6102 (“TCC”), the auditor’s report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Company on March 3, 2021.

In accordance with paragraph four of the Article 402 of TCC, nothing has come to our attention that may cause us to believe that the Group’s set of accounts and financial statements prepared for the period January 1-December 31 2020 does not comply with TCC and the provisions of the Company’s articles of association in relation to financial reporting.

B) Report on Other Legal and Regulatory Requirements (Cont'd)

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor's report is Zere Gaye Şentürk.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Zere Gaye Şentürk
Partner

İstanbul, March 3, 2021

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

Consolidated Financial Statements as at December 31, 2020

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT DECEMBER 31, 2020
(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

			Audited	
			Restated (Note 2)	
ASSETS	**Notes**	**December 31, 2020**	December 31, 2019	January 1, 2019
Cash and Cash Equivalents	5	**12.878.419**	8.927.687	5.282.990
Financial Investments	6	**48.614**	415.871	40.361
Trade Receivables		**3.371.658**	3.316.004	3.030.005
- Due from Related Parties	*32.1*	***13.535***	*18.960*	*273.929*
- Trade Receivables, Third Parties	*8.1*	***3.358.123***	*3.297.044*	*2.756.076*
Other Receivables		**193.426**	201.541	150.495
- Due from Related Parties	*32.1*	**-**	*5.594*	*31.555*
- Other Receivables, Third Parties	*9.1*	***193.426***	*195.947*	*118.940*
Derivative Financial Assets	34.2	**445.282**	42.109	102.996
Inventories	10	**7.168.883**	5.698.025	3.131.137
Prepaid Expenses	19.1	**867.458**	758.290	564.348
Current Income Tax Assets	30.1	**309.252**	254.546	189.152
Other Current Assets	20.1	**832.784**	862.388	1.003.980
SUBTOTAL		**26.115.776**	20.476.461	13.495.464
Non-Current Assets Classified as Held for Sale	36	**325.893**	-	-
TOTAL CURRENT ASSETS		**26.441.669**	20.476.461	13.495.464
Financial Investments	6	**11.189**	4.787	367
Trade Receivables		**1.792**	1.619	1.437
- Trade Receivables, Third Parties	*8.1*	***1.792***	*1.619*	*1.437*
Other Receivables		**58.466**	69.784	74.572
- Due from Related Parties	*32.1*	***1.616***	*5.766*	*17.804*
- Other Receivables, Third Parties	*9.2*	***56.850***	*64.018*	*56.768*
Derivative Financial Assets	34.2	**113.757**	6.591	83.181
Investments Accounted Through Equity Method	11	**140.891**	74.150	1.974.950
Investment Property	12	**173.414**	324.069	296.443
Property, Plant and Equipment	13	**16.370.382**	16.543.585	11.738.915
Right of Use Assets	14	**3.390.015**	3.058.761	648.990
Intangible Assets		**24.707.984**	23.723.444	17.097.457
- Goodwill	15.2	***7.012.308***	*6.934.409*	*2.607.085*
- Other Intangible Assets	15.1	***17.695.676***	*16.789.035*	*14.490.372*
Prepaid Expenses	19.2	**519.874**	412.173	421.036
Deferred Tax Assets	30.2	**1.249.604**	1.029.552	901.732
Other Non-Current Assets	20.2	**134.165**	704.562	1.337.512
TOTAL NON-CURRENT ASSETS		**46.871.533**	45.953.077	34.576.592
TOTAL ASSETS		**73.313.202**	66.429.538	48.072.056

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT DECEMBER 31, 2020

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

			Audited	
			Restated (Note 2)	
LIABILITIES	**Notes**	**December 31, 2020**	December 31, 2019	January 1, 2019
Short-Term Borrowings	7	**5.529.317**	3.335.175	3.184.503
Current Portion of Long-Term Borrowings	7	**3.576.550**	4.046.179	3.924.574
- Bank Loans		***2.767.961***	*3.270.718*	*3.643.106*
- Lease Liabilities		***808.589***	*775.461*	*281.468*
Trade Payables		**14.209.282**	11.482.715	4.161.193
- Due to Related Parties	*32.2*	***9.010***	*2.258*	*7.347*
- Trade Payables, Third Parties	*8.2*	***14.200.272***	*11.480.457*	*4.153.846*
Employee Benefit Obligations	17.1	**447.074**	258.990	114.858
Other Payables		**2.493.190**	1.706.876	1.633.246
- Other Payables, Third Parties	*9.3*	***2.493.190***	*1.706.876*	*1.633.246*
Derivative Financial Liabilities	34.2	**109.899**	15.163	41.037
Deferred Income	21.1	**389.704**	264.964	478.774
Income Tax Payable	30.1	**139.245**	31.172	18.036
Short-Term Provisions		**515.209**	470.332	242.932
- Short-Term Provisions for the Employee Benefits	*17.2*	***330.617***	*291.061*	*130.899*
- Other Short-Term Provisions	*17.3*	***184.592***	*179.271*	*112.033*
Other Current Liabilities	20.3	**503.742**	221.070	100.466
SUBTOTAL		**27.913.212**	21.832.636	13.899.619
Non-Current Assets or Disposal Groups Classified as Held for Sale		**70.406**	-	-
TOTAL CURRENT LIABILITIES		**27.983.618**	21.832.636	13.899.619
Long-Term Borrowings	7	**16.691.024**	16.574.416	9.213.710
- Bank Loans		***13.894.316***	*13.982.755*	*8.549.418*
- Lease Liabilities		***2.796.708***	*2.591.661*	*664.292*
Trade Payables		**49.528**	71.923	44.207
- Trade Payables, Third Parties	*8.2*	***49.528***	*71.923*	*44.207*
Employee Benefit Obligations		**9.504**	-	-
Other Payables		**36.122**	34.540	25.605
- Other Payables, Third Parties	*9.3*	***36.122***	*34.540*	*25.605*
Liabilities due to Investments Accounted for Using Equity Method	11	**73.148**	4.750	54.073
Derivative Financial Liabilities	34.2	**213.420**	41.329	3.356
Deferred Income	21.2	**61.942**	18.051	30.227
Long-Term Provisions		**558.357**	454.726	192.358
- Long-Term Provisions for the Employee Benefits	*17.2*	***558.357***	*454.726*	*192.358*
Deferred Tax Liability	30.2	**3.367.697**	3.196.161	2.748.763
Other Non-Current Liabilities	20.4	**3.284**	229.424	206.375
TOTAL NON-CURRENT LIABILITIES		**21.064.026**	20.625.320	12.518.674
TOTAL LIABILITIES		**49.047.644**	42.457.956	26.418.293
EQUITY				
Equity Attributable to Equity Holders of the Parent		**5.830.527**	6.182.829	5.130.063
Paid-in Share Capital	22	**243.535**	243.535	243.535
Inflation Adjustments on Capital		**65.771**	65.771	65.771
Share Premium (Discounts)		**597.228**	1.057.708	1.200.135
Effects of Business Combinations Under Common Control		**(7.145)**	(7.145)	(7.145)
Put Option Revaluation Fund Related With Non-Controlling Interests		**2.916**	2.916	2.916
Other Comprehensive Income (Loss) Not To Be Reclassified		**82.879**	165.308	73.528
- Revaluation and Remeasurement Gain (Loss)		***82.879***	*165.308*	*73.528*
- Gains (Losses) on Remeasurements Defined Benefit Plans		***(28.322)***	*(27.843)*	*(20.538)*
- Other Revaluation and Remeasurement Gain (Loss)		***111.201***	*193.151*	*94.066*
Other Comprehensive Income (Loss) To Be Reclassified to Profit or Loss		**1.600.269**	1.619.774	1.258.501
- Currency Translation Differences		***2.880.137***	*2.483.140*	*1.789.278*
- Gains (Losses) on Hedge		***(1.279.868)***	*(863.366)*	*(530.777)*
Restricted Reserves Allocated From Net Profit	22	**638.852**	615.970	909.511
Retained Earnings	22	**2.885.997**	1.854.123	1.383.311
Net Profit or Loss		**(279.775)**	564.869	-
Non-Controlling Interests		**18.435.031**	17.788.753	16.523.700
TOTAL EQUITY		**24.265.558**	23.971.582	21.653.763
TOTAL LIABILITIES AND EQUITY		**73.313.202**	66.429.538	48.072.056

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

		Audited	
			Restated (Note 2)
	Notes	**January 1 - December 31, 2020**	January 1 - December 31, 2019
Revenue	23	**62.111.312**	44.781.682
Cost of Sales	23	**(43.359.281)**	(31.105.319)
GROSS PROFIT (LOSS)		**18.752.031**	13.676.363
General Administrative Expenses	24	**(2.771.726)**	(2.229.884)
Marketing Expenses	24	**(11.162.894)**	(8.274.028)
Research and Development Expenses		**(6.602)**	(4.789)
Other Operating Income	26.1	**1.257.293**	901.373
Other Operating Expenses	26.2	**(1.602.015)**	(1.101.700)
Gain (Loss) from Investments Accounted Through Equity Method	11	**(279.785)**	(375.738)
OPERATING PROFIT (LOSS)		**4.186.302**	2.591.597
Income from Investing Activities	27.1	**715.859**	2.298.330
Expenses from Investing Activities	27.2	**(214.259)**	(405.809)
OPERATING PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSE)		**4.687.902**	4.484.118
Financial Income	28	**2.925.049**	1.345.314
Financial Expenses	29	**(6.111.419)**	(4.060.590)
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		**1.501.532**	1.768.842
Tax (Expense) Income from Continuing Operations		**(887.390)**	(517.930)
- Current Period Tax (Expense) Income	30.3	**(807.771)**	(414.334)
- Deferred Tax (Expense) Income	30.3	**(79.619)**	(103.596)
NET PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		**614.142**	1.250.912
NET PROFIT (LOSS) FOR THE PERIOD FROM DISCONTINUED OPERATIONS	36	**(697)**	9.944
NET PROFIT (LOSS) FOR THE PERIOD		**613.445**	1.260.856
Attributable to:			
- Non-controlling Interests		**893.220**	695.987
- Equity Holders of the Parent		**(279.775)**	564.869
Earnings (Loss) per share (full TRL)	31	**(1,1488)**	2,3195
- Earnings (Loss) per share from continuing operations (full TRL)		**(1,1459)**	2,2787
- Earnings / (Loss) per share from discontinued operations (full TRL)		**(0,0029)**	0,0408

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

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2020

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

	Audited	
		Restated (Note 2)
	January 1 - December 31, 2020	January 1 - December 31, 2019
NET PROFIT (LOSS)	**613.445**	1.260.856
OTHER COMPREHENSIVE INCOME		
Items Not To Be Reclassified To Profit or Loss	**(84.485)**	81.070
- Remeasurement Gain (Loss) from Defined Benefit Plans	**(3.169)**	(22.538)
- Share of Other Comprehensive Income of Investments Accounted Through Equity Method Not To Be Classified to Profit or Loss	**-**	15
- Other Components of Other Comprehensive Income Not To Be Reclassified to Other Profit or Loss	**(105.064)**	127.032
- Tax Effect of Other Comprehensive Income Not To Be Classified To Profit or Loss	**23.748**	(23.439)
- Deferred Tax (Expense) Income	**23.748**	(23.439)
Items To Be Reclassified To Profit or Loss	**457.152**	2.107.777
- Currency Translation Differences	**1.613.887**	2.861.335
- Other Comprehensive Income (Loss) on Cash Flow Hedge	**24.295**	(272.967)
- Other Comprehensive Income (Loss) Related with Hedges of Net Investments in Foreign Operations (Note 33)	**(1.421.651)**	(632.700)
- Share Of Other Comprehensive Income of Investments Accounted Through Equity Method To Be Classified to Profit or Loss	**(326)**	7.180
- Tax Effect of Other Comprehensive Income To Be Classified To Profit or Loss	**240.947**	144.929
- Deferred Tax (Expense) Income	**240.947**	144.929
OTHER COMPREHENSIVE INCOME (LOSS)	**372.667**	2.188.847
TOTAL COMPREHENSIVE INCOME (LOSS)	**986.112**	3.449.703
Attributable to:		
- Non-Controlling Interest	**1.367.821**	2.431.781
- Equity Holders of the Parent	**(381.709)**	1.017.922

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2020

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

						Other Comprehensive Income or Loss Not To Be Reclassified To Profit or Loss		Other Comprehensive Income or Loss To Be Reclassified To Profit or Loss			Retained Earnings				
	Paid-in Capital	**Inflation Adjustments on Capital**	**Share Premium/ Discount**	**Effects of Business Combinations Under Common Control**	**Put Option Revaluation Fund Related With Non-Controlling Interests**	**Profit / Loss on Remeasurements of Defined Benefit Plans**	**Other Revaluation and Remeasurement Gain (Loss) (**)**	**Currency Translation Differences**	**Gain / Loss on Hedge**	**Restricted Reserves Allocated from Net Profit**	**Retained Earnings**	**Net Profit/ Loss**	**Attributable to Equity Holders of the Parent**	**Non-Controlling Interests**	**Equity**
Balances as of January 1, 2019	243.535	65.771	1.200.135	(7.145)	2.916	(20.538)	94.066	1.789.278	(530.777)	909.511	2.467.846	(1.168.151)	5.046.447	16.413.086	21.459.533
Restatement	-	-	-	-	-	-	-	-	-	-	76.874	6.742	83.616	110.614	194.230
Balances as of January 1, 2019 (Restated (Note 2))	243.535	65.771	1.200.135	(7.145)	2.916	(20.538)	94.066	1.789.278	(530.777)	909.511	2.544.720	(1.161.409)	5.130.063	16.523.700	21.653.763
Transfers	-	-	(12.919)	-	-	-	-	-	-	(293.541)	(854.949)	1.161.409	-	-	-
Total Comprehensive Income (Loss)	-	-	-	-	-	(7.305)	99.085	693.862	(332.589)	-	-	564.869	1.017.922	2.431.781	3.449.703
Net Profit (Loss)	-	-	-	-	-	-	-	-	-	-	-	564.869	564.869	695.987	1.260.856
Other Comprehensive Income (Loss)	-	-	-	-	-	(7.305)	99.085	693.862	(332.589)	-	-	-	453.053	1.735.794	2.188.847
Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	4.066	4.066
Dividends	-	-	(129.508)	-	-	-	-	-	-	-	104.508	-	(25.000)	(330.258)	(355.258)
Acquisition or Disposal of a Subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	(1.887)	(1.887)
Transactions with Non-Controlling Shareholders	-	-	-	-	-	-	-	-	-	-	59.844	-	59.844	(4.208)	55.636
Increase (Decrease) Due to Other Changes (*)	-	-	-	-	-	-	-	-	-	-	-	-	-	(834.441)	(834.441)
Balances as of December 31, 2019 (Restated (Note 2))	243.535	65.771	1.057.708	(7.145)	2.916	(27.843)	193.151	2.483.140	(863.366)	615.970	1.854.123	564.869	6.182.829	17.788.753	23.971.582
Balances as of January 1, 2020	**243.535**	**65.771**	**1.057.708**	**(7.145)**	**2.916**	**(27.843)**	**193.151**	**2.483.140**	**(863.366)**	**615.970**	**1.854.123**	**564.869**	**6.182.829**	**17.788.753**	**23.971.582**
Transfers	-	-	-	-	-	-	-	-	-	22.882	541.987	(564.869)	-	-	-
Total Comprehensive Income (Loss)	-	-	-	-	-	(479)	(81.950)	396.997	(416.502)	-	-	(279.775)	(381.709)	1.367.821	986.112
Net Profit (Loss)	-	-	-	-	-	-	-	-	-	-	-	(279.775)	(279.775)	893.220	613.445
Other Comprehensive Income (Loss)	-	-	-	-	-	(479)	(81.950)	396.997	(416.502)	-	-	-	(101.934)	474.601	372.667
Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	13.007	13.007
Dividends	-	-	(460.480)	-	-	-	-	-	-	-	460.480	-	-	(734.572)	(734.572)
Increase (Decrease) Due to Other Changes (***)	-	-	-	-	-	-	-	-	-	-	29.407	-	29.407	22	29.429
Balances as of December 31, 2020	**243.535**	**65.771**	**597.228**	**(7.145)**	**2.916**	**(28.322)**	**111.201**	**2.880.137**	**(1.279.868)**	**638.852**	**2.885.997**	**(279.775)**	**5.830.527**	**18.435.031**	**24.265.558**

(*) The amount included in the increase (decrease) due to other changes line consist of the amount recorded as a result of the business combination of Migros, the subsidiary of the Group, as of May 1, 2019 as detailed in Note 3 and balances in the increase (decrease) due to other changes line consists of the share of put option revaluation fund related with non-controlling interests of Anadolu Efes, the subsidiary of the Group.

(**) Balances in the other revaluation and remeasurement gain (loss) consists of the increase due to revaluation of the assets used in renting activities.

(***) Balances in the increase (decrease) due to other changes line consists of the consolidation scope change effects of Anadolu Landini which is explained in Note 1.

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

CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31, 2020

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

	Notes	Audited **January 1- December 31, 2020**	Restated (Note 2) January 1- December 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES		**9.527.469**	7.177.208
Profit / (Loss)		**613.445**	1.260.856
Net Profit (Loss) for The Period From Continuing Operations		**614.142**	1.250.912
Net Profit (Loss) for The Period From Discontinued Operations		**(697)**	9.944
Adjustments to Reconcile Profit (Loss)		**7.459.715**	4.051.694
Adjustments for Depreciation and Amortization Expense	12,13,14,15,20,25	**3.153.297**	2.461.245
Adjustments for Impairment Loss (Reversal of Impairment Loss)		**117.208**	197.243
- Adjustments for Impairment Loss (Reversal) of Receivables	*8.1*	***52.472***	*34.851*
- Adjustments for Impairment Loss (Reversal) of Inventories	*10*	***40.557***	*55.100*
- Adjustments for Impairment Loss (Reversal of Impairment Loss) of Property, Plant and Equipment	*13,27.1,27.2*	***13.705***	*39.516*
- Adjustments for Impairment Loss (Reversal) of Goodwill	*15.2,27.2*	**-**	*3.369*
- Adjustments for Impairment Loss (Reversal of Impairment Loss) of Intangible Asset	*15.1,27.2*	**-**	*64.407*
- Adjustments for Impairment Loss (Reversal) of Investment Property	*12,27.2*	***10.474***	-
Adjustments for Provisions		**264.841**	190.061
- Adjustments for (Reversal of) Provisions Related with Employee Benefits		***233.539***	*171.386*
- Adjustments for (Reversal of) Warranty Provisions	*17.3*	***16.897***	*17.818*
- Adjustments for (Reversal of) Other Provisions		***14.405***	*857*
Adjustments for Interest (Income) and Expenses		**2.134.628**	2.060.042
Adjustments for Unrealized Foreign Exchange Differences		**1.507.840**	263.132
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments		**(41.109)**	48.594
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method	11	**279.785**	375.738
Adjustments for Tax (Income) Expense	30.3	**887.390**	517.930
Adjustments for Losses (Gains) Arised From Disposal of Non-Current Assets		**(309.457)**	(284.586)
- Adjustments for Losses (Gains) on Disposal of Tangible Assets	27.1,27.2	***(309.457)***	*(284.586)*
Transfer of currency translation differences previously accounted as other comprehensive income	27.1	**(279.929)**	(467.516)
Other Adjustments to Reconcile Profit (Loss) (**)		**(254.779)**	(1.310.189)
Adjustments for Working Capital		**2.430.288**	2.819.923
Decrease (Increase) in Financial Investments		**-**	2.039
Adjustments for Decrease (Increase) in Trade Accounts Receivables		**(57.677)**	(177.371)
Adjustments for Decrease (Increase) in Other Operating Receivables		**11.133**	1.108
Adjustments for Decrease (Increase) in Inventories		**(1.431.994)**	(134.244)
Adjustments for Increase (Decrease) in Trade Accounts Payables		**2.681.428**	2.325.611
Adjustments for Increase (Decrease) in Other Operating Payables		**425.655**	61.621
Increase (Decrease) in Deferred Income		**168.384**	(225.986)
Other Adjustments for Increase (Decrease) in Working Capital		**633.359**	967.145
- Decrease (Increase) in Other Assets Related with Operations		***702.533***	*1.004.834*
- Increase (Decrease) in Other Liabilities Related with Operations		***(69.174)***	*(37.689)*
Cash Flows from Operations		**10.503.448**	8.132.473
Interest Paid	26.2	**(551.788)**	(524.994)
Interest Received	26.1	**212.763**	175.851
Payments Related with Provisions for Employee Benefits		**(114.890)**	(93.657)
Payments Related with Other Provisions		**(14.921)**	(16.029)
Income Taxes Refund (Paid)		**(507.143)**	(496.436)
CASH FLOWS FROM INVESTING ACTIVITIES		**(1.061.197)**	154.075
Cash Outflows Arising From Purchase of Shares or Capital Increase of Associates and/or Joint Ventures		**(278.682)**	(211.268)
Proceeds from Sale of Share or Debt Instruments of Other Business Organizations or Funds		**-**	59.901
Proceeds from Sales of Property, Plant, Equipment and Intangible Assets		**1.486.016**	866.821
Purchase of Property, Plant, Equipment and Intangible Assets		**(2.679.715)**	(2.257.119)
Other Cash Inflows (Outflows) (*)		**411.184**	1.695.740
CASH FLOWS FROM FINANCING ACTIVITIES		**(4.835.758)**	(3.776.395)
Proceeds from Issuing Shares or Other Equity Instruments		**13.007**	4.066
Proceeds from Borrowings	7	**12.878.459**	10.835.833
Repayments of Borrowings	7	**(15.030.877)**	(11.922.669)
Payments of Lease Liabilities		**(1.330.491)**	(874.096)
Proceeds from Derivative Instruments		**12.540**	(37.463)
Dividends Paid		**(150.312)**	(355.258)
Interest Paid		**(1.642.397)**	(1.774.634)
Interest Received		**414.313**	347.826
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		**3.630.514**	3.554.888
Effect of Exchange Rate Changes on Cash and Cash Equivalents		**318.275**	84.866
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**3.948.789**	3.639.754
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	5	**8.908.840**	5.269.086
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	5	**12.857.629**	8.908.840

(*) Other cash inflows (outflows) include the consolidation scope change effect of Migros amounting to TRL 1.745.475.

(**) Other Adjustments Regarding Profit (Loss) Reconciliation consists of the amount recorded under income from investing activities as a result of consolidation scope change of Migros amounting to TRL 1.185.846.

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

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES OF THE GROUP

AG Anadolu Grubu Holding A.Ş. is a holding company, which is managed by the Özilhan Family and Süleyman Kamil Yazıcı Family in accordance with equal representation and equal management principle and manages its subsidiaries.

14,21% of shares of AG Anadolu Grubu Holding A.Ş. ("Company" or "AGHOL") are traded in Borsa İstanbul A.Ş. ("BİST").

The registered office address of the Company is Fatih Sultan Mehmet Mahallesi Balkan Caddesi No:58, Buyaka E Blok Ümraniye, İstanbul, Turkey.

The consolidated financial statements as of December 31, 2020 are authorized for issue by the Board of Directors on March 3, 2021 and are approved by the Finance President Onur Çevikel and the Finance Coordinator Volkan Harmandar on behalf of Board of Directors. General Assembly and specified regulatory bodies have the right to change the financial statements after the consolidated financial statements are issued.

Activities of the Group

The Company and its subsidiaries will be referred as the "Group" for the purpose of the consolidated financial statements.

The Group is organized and primarily managed in six principal segments: Beer, Soft Drinks, Migros, Automotive (including passenger vehicles, commercial vehicles, generator, spare and component parts, motor vehicle renting), Energy&Industry (stationery, restaurant management, tourism, production and sale of electricity and real estate) and Other (information technology, trade).

The average number of personnel of the Group for the year ended at December 31, 2020 is 57.914 (December 31, 2019: 56.950).

List of Shareholders

As of December 31, 2020 and 2019 the shareholders and shareholding rates are as follows:

	December 31, 2020		December 31, 2019	
	Paid in Capital	**(%)**	Paid in Capital	(%)
AG Sınai Yatırım ve Yönetim A.Ş. (*)	**118.474**	**48,65**	118.474	48,65
Other Yazıcı Family Members (*)	**47.154**	**19,36**	47.211	19,39
Özilhan Family (*)	**24.293**	**9,98**	24.293	9,98
Azimut Portföy SKY Serbest Özel Fon (*) (***)	**18.772**	**7,71**	18.772	7,71
Publicly traded	**34.609**	**14,21**	34.553	14,19
Other (**)	**233**	**0,09**	232	0,08
Paid-in share capital - historical	**243.535**	**100,00**	243.535	100,00
Inflation adjustment on capital	**65.771**		65.771	
Total share capital	**309.306**		309.306	

(*) As of December 31, 2020, 28,65% of AG Sınai Yatırım ve Yönetim A.Ş. shares amounting TRL 69.767 and all of the shares of other Yazıcı Family Members, Özilhan Family, Azimut Portföy SKY Serbest Özel Fon and other are publicly issued and 22,21% of them amounting TRL 54.097 are traded on the stock exchange.

(**) TRL 218 of TRL 233 belongs to Anadolu Ecopack Üretim ve Pazarlama A.Ş. Anadolu Ecopack Üretim ve Pazarlama A.Ş.'s 100,00% shares belong to Fazilet Yazıcı, Gülten Yazıcı, Gülşen Yazıcı, Nilgün Yazıcı and Hülya Elmalıoğlu.

(***) Süleyman Kamil Yazıcı and his daughters (Fazilet Yazıcı, Gülten Yazıcı, Gülşen Yazıcı, Nilgün Yazıcı, Hülya Elmalıoğlu) are the Qualified Investors of Azimut Portföy SKY Serbest Özel Fon and the shares of the fund have been allocated only to these mentioned individuals as predetermined.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES OF THE GROUP (cont'd)

List of Subsidiaries

The subsidiaries included in consolidation and their shareholding percentages at December 31, 2020 and 2019 are as follows:

	Place of Incorporation	Principal activities	Segment	Effective shareholding and voting rights (%) December 31, 2020	December 31, 2019
Anadolu Isuzu Otomotiv San. ve Tic. A.Ş. (Anadolu Isuzu) (1)	Turkey	Production and sales of Isuzu branded commercial vehicles	Automotive	**55,40**	55,40
Anadolu Efes Biracılık ve Malt San. A.Ş. (Anadolu Efes) (1) (2)	Turkey	Production, bottling, distribution and sales of beer, carbonated and non-carbonated beverages	Beer	**43,05**	43,05
Migros Ticaret A.Ş. (Migros) (1) (3)	Turkey	Sales of food and beverage and durable goods	Migros	**50,00**	50,00
Çelik Motor Ticaret A.Ş. (Çelik Motor)	Turkey	Import, distribution and marketing of Kia motor vehicles and motor vehicle renting	Automotive	**100,00**	100,00
Anadolu Motor Üretim ve Pazarlama A.Ş. (Anadolu Motor)	Turkey	Production of industrial engines, sale of tractors	Automotive	**100,00**	100,00
Anadolu Otomotiv Dış Ticaret ve Sanayi A.Ş.	Turkey	Inactive	Automotive	**100,00**	100,00
Anadolu Elektronik Aletler Pazarlama ve Ticaret A.Ş. (Anadolu Elektronik)	Turkey	Inactive	Automotive	**51,00**	51,00
Adel Kalemcilik Ticaret ve Sanayi A.Ş. (Adel) (1)	Turkey	Production of writing instruments under Adel, Johann Faber and Faber Castell brand names	Energy&Industry	**56,89**	56,89
Ülkü Kırtasiye Ticaret ve Sanayi A.Ş. (Ülkü)	Turkey	Distribution of the products of Adel and other imported stationery products	Energy&Industry	**73,17**	73,17
Efestur Turizm İşletmeleri A.Ş. (Efestur)	Turkey	Arrangement of travelling and organization facilities	Energy&Industry	**100,00**	100,00
Anadolu Bilişim Hizmetleri A.Ş. (ABH)	Turkey	IT, internet and e-commerce services	Other	**99,38**	99,38
Oyex Handels GmbH (Oyex)	Germany	Trading of various materials used in the Group	Other	**100,00**	100,00
Anadolu Restoran İşletmeleri Limited Şirketi (McDonald's)	Turkey	Restaurant management	Energy&Industry	**100,00**	100,00
Artı Anadolu Danışmanlık A.Ş. (Artı Anadolu)	Turkey	Inactive	Other	**100,00**	100,00
Anadolu Araçlar Ticaret A.Ş. (Anadolu Araçlar)	Turkey	Import, distribution and marketing of motor vehicles	Automotive	**100,00**	100,00
AES Elektrik Enerjisi Toptan Satış A.Ş. (AES Elektrik)	Turkey	Whole sale and retail sale of electricity and/or its capacity	Energy&Industry	**100,00**	100,00
AEH Sigorta Acenteliği A.Ş. (AEH Sigorta)	Turkey	Insurance agency	Other	**100,00**	100,00
Anadolu Kafkasya Enerji Yatırımları A.Ş. (Anadolu Kafkasya)	Turkey	Production and transmission of electricity, and establishment and operation of distribution facilities	Energy&Industry	**61,49**	61,49
Taba LLC	Georgia	Production and sale of electricity (Investment in progress)	Energy&Industry	**30,75**	30,75
Georgia Urban Enerji Ltd. (GUE)	Georgia	Production and sale of electricity	Energy&Industry	**55,34**	55,34
AND Anadolu Gayrimenkul Yatırımları A.Ş. (AND Anadolu Gayrimenkul)	Turkey	Purchase, sale, rental and management of real estate	Energy&Industry	**100,00**	100,00
AND Ankara Gayrimenkul Yatırımları A.Ş. (AND Ankara Gayrimenkul)	Turkey	Purchase, sale and rental of real estate	Energy&Industry	**100,00**	100,00
AND Kartal Gayrimenkul Yatırımları A.Ş. (AND Kartal Gayrimenkul)	Turkey	Purchase, sale and rental of real estate	Energy&Industry	**100,00**	100,00
Kheledula Enerji Ltd. (Kheledula)	Georgia	Inactive	Energy&Industry	**61,49**	61,49
MH Perakendecilik ve Ticaret A.Ş. (MH Perakendecilik)	Turkey	Retailing	Other	**100,00**	100,00

(1) Shares of Anadolu Isuzu, Anadolu Efes, Adel and Migros are quoted in BİST.
(2) The Company has control over Anadolu Efes although the Company holds less than 50 percent of its shares. In concluding to have control over Anadolu Efes, the Company management considers the number of Board members representing AGHOL in the Board of Directors of Anadolu Efes, the Company's participation in policy-making processes, including participation in decisions about dividends or other distributions, the transactions between AGHOL and Anadolu Efes. The managerial personnel of AGHOL provide internal audit services and high level finance, tax, legal and human resources support to Anadolu Efes.
(3) As the details are stated in Note 3, Migros has been defined as a subsidiary as of May 1, 2019.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES OF THE GROUP (cont'd)

List of Subsidiaries (cont'd)

	Place of Incorporation	Principal activities	Segment	Effective shareholding and voting rights (%) December 31, 2020	December 31, 2019
Ant Sınai ve Tic. Ürünleri Paz. A.Ş. (5)	Turkey	Purchase and sale of spare parts	Automotive	**55,40**	55,40
Efes Breweries International N.V. (EBI) (6)	The Netherlands	Holding company that facilitates Anadolu Efes' foreign investments in breweries	Beer	**43,05**	43,05
AB InBev Efes B.V. (6)	The Netherlands	Investment company	Beer	**21,53**	21,53
LLC Vostok Solod (6)	Russia	Production of malt	Beer	**21,53**	21,53
LLC Bosteels Trade (6)	Russia	Selling and distribution of beer	Beer	**21,53**	21,53
Euro-Asien Brauerein Holding GmbH (Euro-Asien) (6) (8)	Germany	Investment company	Beer	**21,53**	21,53
JSC AB InBev Efes (6) (8)	Russia	Production and marketing of beer	Beer	**21,53**	21,53
LLC Inbev Trade (6)	Russia	Production of malt	Beer	**21,53**	21,53
PJSC AB InBev Efes Ukraine (6) (8)	Ukraine	Production and marketing of beer	Beer	**21,25**	21,25
Bevmar GmbH (6) (8)	Germany	Investment company	Beer	**21,53**	21,53
JSC FE Efes Kazakhstan Brewery (Efes Kazakhstan) (6)	Kazakhstan	Production and marketing beer	Beer	**43,05**	43,05
International Beers Trading LLP (IBT) (6)	Kazakhstan	Marketing of beer	Beer	**43,05**	43,05
Efes Vitanta Moldova Brewery S.A. (Efes Moldova) (6)	Moldova	Production of beer and low alcoholic drinks	Beer	**41,70**	41,70
JSC Lomisi (Efes Georgia) (6)	Georgia	Production and marketing and of beer and carbonated soft drinks	Beer	**43,05**	43,05
PJSC Efes Ukraine (Efes Ukraine) (6)	Ukraine	Production and marketing of beer	Beer	**43,02**	43,02
Efes Trade BY FLLC (Efes Belarus) (6)	Belarus	Marketing and distribution of beer	Beer	**43,05**	43,05
Efes Holland Technical Management Consultancy B.V. (EHTMC) (6)	The Netherlands	Leasing of intellectual property and similar products	Beer	**43,05**	43,05
Efes Pazarlama ve Dağıtım Ticaret A.Ş. (Ef-Pa) (6)	Turkey	Marketing and distribution company of Anadolu Efes	Beer	**43,05**	43,05
Cypex Co. Ltd. (Cypex) (6)	Northern Cyprus	Marketing and distribution of beer	Beer	**43,05**	43,05
Efes Deutschland GmbH (Efes Germany) (6)	Germany	Marketing and distribution of beer	Beer	**43,05**	43,05
Coca-Cola İçecek A.Ş. (CCİ) (4) (6)	Turkey	Production of Coca-Cola products	Soft-drinks	**21,64**	21,64
Coca-Cola Satış ve Dağıtım A.Ş. (CCSD) (6)	Turkey	Distribution and selling of Coca-Cola, Doğadan and Mahmudiye products	Soft-drinks	**21,63**	21,63
Mahmudiye Kaynak Suyu Ltd. Şti. (Mahmudiye) (6)	Turkey	Filling and selling of natural spring water	Soft-drinks	**21,64**	21,64
J.V. Coca-Cola Almaty Bottlers LLP (Almaty CC) (6)	Kazakhstan	Production, distribution and selling of and distribution of Coca Cola products	Soft-drinks	**21,64**	21,64
Tonus Turkish-Kazakh Joint Venture LLP (Tonus) (6)	Kazakhstan	Investment company of CCİ	Soft-drinks	**21,64**	21,64
Azerbaijan Coca-Cola Bottlers LLC (Azerbaijan CC) (6)	Azerbaijan	Production, distribution and selling of Coca Cola products	Soft-drinks	**21,61**	21,61
Coca-Cola Bishkek Bottlers CJSC (Bishkek CC) (6)	Kyrgyzstan	Production, distribution and selling of Coca Cola products	Soft-drinks	**21,64**	21,64
CCI International Holland B.V. (CCI Holland) (6)	The Netherlands	Investment company of CCİ	Soft-drinks	**21,64**	21,64
Sardkar for Beverage Industry Ltd. (SBIL) (6)	Iraq	Production, distribution and selling of Coca Cola products	Soft-drinks	**21,64**	21,64
The Coca-Cola Bottling Company of Jordan Ltd. (Jordan CC) (6)	Jordan	Production, distribution and selling of Coca Cola products	Soft-drinks	**19,47**	19,47
Coca-Cola Beverages Pakistan Ltd. (CCBPL) (6)	Pakistan	Production, distribution and selling of Coca Cola products	Soft-drinks	**10,75**	10,75
Turkmenistan Coca-Cola Bottlers Ltd. (Turkmenistan CC) (6)	Turkmenistan	Production, distribution and selling of Coca Cola products	Soft-drinks	**12,87**	12,87
Waha Beverages B.V. (6)	The Netherlands	Investment company of CCİ	Soft-drinks	**17,32**	17,32
Al Waha for Soft Drinks, Juices, Mineral Water, Plastics, and Plastic Caps Production LLC (Al Waha) (6)	Iraq	Production, distribution and selling of Coca Cola products	Soft-drinks	**17,32**	17,32
Coca-Cola Beverages Tajikistan LLC (Coca Cola Tajikistan) (6)	Tajikistan	Production, distribution and selling of Coca Cola products	Soft-drinks	**21,64**	21,64
Ramstore Kazakhstan LLC (Ramstore Kazakhstan) (7) (9)	Kazakhstan	Sales of food and beverage and durable goods	Migros	**50,00**	50,00
Ramstore Macedonia DOO (Ramstore Macedonia) (7)	Macedonia	Sales of food and beverage and durable goods	Migros	**49,50**	49,50
Moneypay Ödeme ve Elektronik Para Hizmetleri A.Ş. (Moneypay) (7)	Turkey	Services limited by e-money legislation	Migros	**40,00**	50,00
Ramstore Bulgaria E.A.D. (Ramstore Bulgaria) (7)	Bulgaria	Inactive	Migros	**50,00**	50,00

(4) CCI shares are quoted in BIST.
(5) Subsidiary of Anadolu Isuzu.
(6) Subsidiary of Anadolu Efes.
(7) Subsidiary of Migros. It was decided to change the name of Sanal Merkez Ticaret A.Ş., dormant subsidiary of Migros, to Moneypay Ödeme ve Elektronik Para Hizmetleri A.Ş. ("MoneyPay"). Considering the monetary materiality concept, it is not included in the scope of consolidation.
(8) Companies which AB Inbev Efes B.V. directly participates.
(9) In line with Migros' growth targets as well as Migros' strategic focus in markets where Migros operate; Ramstore Kazakhstan's retail operations have been re-evaluated. Thus, negotiations related to the transfer of lease contracts of retail stores in Kazakhstan as well as the sale of their inventories and equipment were initiated. Ramstore Kazakhstan will continue to operate with its Ramstore All In-Samal Shopping Mall which is a large part of the subsidiary's valuation.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES OF THE GROUP (cont'd)

Joint Ventures

The joint ventures included in consolidation by equity method and its shareholding percentages at December 31, 2020 and 2019 are as follows:

	Country	Main activities	Effective shareholding and voting rights (%)	
			December 31,2020	December 31, 2019
Anadolu Landini Traktör Üretim ve Pazarlama A.Ş. (Anadolu Landini) (*)	Turkey	Tractor production	-	50,00
Aslancık Elektrik Üretim A.Ş. (Aslancık)	Turkey	Electricity production	**33,33**	33,33
LLC Faber-Castell Anadolu	Russia	Inactive	**28,44**	28,44
AEP Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş. (Anadolu Etap) (**)	Turkey	Production and sale of fruit juice concentrate and puree and sales of fresh fruit	**32,81**	30,87
Syrian Soft Drink Sales & Dist. LLC (SSDSD)	Syria	Distribution and sales of Coca-Cola products	**10,82**	10,82
Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret A.Ş.	Turkey	Development, production and trade of all kinds of electrical motor vehicles	**19,00**	19,00

(*) Anadolu Motor which previously owns 50% of Anadolu Landini shares and took over the remaining 50% shares from the other shareholder of Landini and acquired 100% of Anadolu Landini. After this transaction, Anadolu Landini and Anadolu Motor have been merged on June 19, 2020.
(**) Capital increase was made in Anadolu Etap in March 2020 by Anadolu Efes. As a result of this transaction, the Group's shareholding and voting rights in Anadolu Etap increased from 30,87% to 32,81%. Anadolu Etap, is currently being accounted through equity method in the Group's consolidated financials and will continue to accounted by using equity method, as the current governance structure and agreements among the shareholders of the Anadolu Etap does not allow any shareholder to fully control and consolidate.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

Basis of Preparation of Financial Statements

The accompanying financial statements are prepared in accordance with the requirements of Capital Markets Board ("CMB") Communiqué Serial II, No: 14.1 "Basis of Financial Reporting in Capital Markets", which was published in the Official Gazette No:28676 on June 13, 2013. The accompanying financial statements are prepared based on the Turkish Accounting Standards and interpretations ("TAS") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA") under Article 5 of the Communiqué.

The consolidated financial statements are presented in accordance with "Announcement regarding with TAS/TFRS Taxonomy" which was published on April 15, 2019 by POA and the format and mandatory information recommended by CMB.

The Group companies, which operate in Turkey, keep their accounting books and their statutory financial statements in Turkish Lira in accordance with the Generally Accepted Accounting Principles in Turkey accepted by the Capital Markets Board (CMB), Turkish Commercial Code, Tax Legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. The foreign subsidiaries and joint ventures keep their accounting books and statutory financial statements in their local currencies and in accordance with the rules and regulations of the countries in which they operate.

The consolidated financial statements are based on the statutory financial statements of the Group's subsidiaries and joint ventures and presented in TRL in accordance with the principles CMB Financial Reporting Standards with certain adjustments and reclassifications for the purpose of fair presentation. Such adjustments are primarily related to application of consolidation accounting, accounting of deferred taxes, accounting of employment termination benefits on an actuarial basis and accruals for various expenses. These consolidated financial statements have been prepared on the historical cost basis except for assets used in renting activities and certain financial assets and liabilities. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

Basis of Preparation of Financial Statements (cont'd)

Financial Reporting in Hyperinflationary Economies

In accordance with the communique issued by CMB, for companies that operate in Turkey and prepare their financial statements applying Turkish Accounting Standards, it is decided not to apply inflation accounting from 1 January 2005 which is published on 17 March 2005 numbered 11/367. Accordingly, as of 1 January 2005 No:29 "Financial reporting in Hyperinflationary Economies" ("TAS 29") was not applied.

Functional and Presentation Currency

(a) Functional and presentation currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position of each entity are expressed in TRL, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss, except when recognized in statement of other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of profit or loss within 'finance income and expenses'. All other foreign exchange gains and losses are presented in the statement of profit or loss within 'Other operating income and expense'.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities presented in the statement of financial position are translated at the closing rate at the date of that statement of financial position;
(ii) income and expenses presented in the statements of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rates prevailing on the dates of the transactions); and
(iii) all resulting exchange differences are recognized in the statement of other comprehensive income.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

Basis of Preparation of Financial Statements (cont'd)

Functional and Presentation Currency (cont'd)

Functional currency of significant subsidiaries and joint ventures located in foreign countries are as follows:

		December 31, 2020	December 31, 2019
	Local Currency	**Functional Currency**	Functional Currency
Oyex	European Currency (EUR)	**EUR**	EUR
Gue	Georgian Lari (GEL)	**GEL**	GEL
Kheledula	Georgian Lari (GEL)	**GEL**	GEL
Taba	Georgian Lari (GEL)	**GEL**	GEL
EBI	European Currency (EUR)	**USD**	USD
JSC AB Inbev Efes	Russian Ruble (RUR)	**RUR**	RUR
PJSC AB InBev Efes Ukraine	Ukraine Hryvnya (UAH)	**UAH**	UAH
AB InBev Efes B.V.	European Currency (EUR)	**USD**	USD
Efes Kazakhstan	Kazakh Tenge (KZT)	**KZT**	KZT
Efes Moldova	Moldovan Leu (MDL)	**MDL**	MDL
Efes Georgia	Georgian Lari (GEL)	**GEL**	GEL
EHTMC	European Currency (EUR)	**USD**	USD
Efes Germany	European Currency (EUR)	**EUR**	EUR
Almaty CC	Kazakh Tenge (KZT)	**KZT**	KZT
Tonus	Kazakh Tenge (KZT)	**KZT**	KZT
Azerbaijan CC	Azerbaijani Manat (AZN)	**AZN**	AZN
Turkmenistan CC	Turkmenistan Manat (TMT)	**TMT**	TMT
Bishkek CC	Kyrgyz Som (KGS)	**KGS**	KGS
TCCBCJ	Jordan Dinar (JOD)	**JOD**	JOD
SBIL	Iraqi Dinar (IQD)	**IQD**	IQD
SSDSD	Syrian Pound (SYP)	**SYP**	SYP
CCBPL	Pakistan Rupee (PKR)	**PKR**	PKR
CCI Holland	European Currency (EUR)	**USD**	USD
Waha B.V.	European Currency (EUR)	**USD**	USD
Al Waha	Iraqi Dinar (IQD)	**IQD**	IQD
Tajikistan CC	Tajikistani Somoni (TJS)	**TJS**	TJS
Ramstore Kazakhstan	Kazakh Tenge (KZT)	**KZT**	KZT
Ramstore Macedonia	Makedonian Dinar (MKD)	**MKD**	MKD

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

Basis of Preparation of Financial Statements (cont'd)

Effect of COVID-19 Outbreak on Group Operations

Group has been implementing several contingency plans to mitigate the potential negative impacts of COVID 19 on the Group's operations and financial statements. It has been some partial hitches in sales process due to curfews and due to closure of some sales channels in countries that Group operates in parallel with the effects on global markets in terms of macro-economic uncertainty. Meanwhile Group has taken series of actions to minimize capital expenditures and increase in inventory and has reviewed current cash flow strategies to maintain strong balance sheet and liquidity figures. Lifting of curfews and decreasing in restrictions regarding to pandemic has positive effect on both market demand and Group's operations.

Group management has evaluated the potential effects of Covid-19 and has reviewed the key assumptions concerning the future and other key sources of estimation uncertainty on the consolidated financial statements as December 31, 2020. In this concept, Group has performed impairment testing for financial assets, inventories, property, plant and equipment, goodwill and brands and has not recognized any impairment loss as of December 31, 2020.

Comparative Information and Restatement of Prior Period Financial Statements

The consolidated financial statements of the Group include comparative financial information to enable the determination of the trends in the financial position and performance. Comparative figures are reclassified, where necessary, to conform to changes in presentation in the current period consolidated financial statements and significant changes are explained.

Financial statements have been restated based on the issues stated below. The effects of this change have been applied retrospectively in accordance with TAS 8 "Changes in Accounting Estimates and Errors". TAS 1 (Revised) "Presentation of Financial Statements" states that if the financial statements of the prior period are restated, the statement of financial position should be presented in three periods comparatively. Therefore, the consolidated financial statements as of January 1, 2019 and December 31, 2019 and the consolidated statement of profit or loss and consolidated statement of other comprehensive income as of December 31, 2019 have been presented as restated.

Restatements in the financial statements as of January 1, 2019:

The subsidiary of the Group Anadolu Efes, presents its liabilities from returnable bottles in "Other Payables" account within the framework of the current accounting policies. The Group uses its best estimates and assumptions based on its observations on changing conditions and consumer behavior, in order to present its financial statement and performance regarding the liabilities related to returnable bottles reflected in "Other Payables" account more accurately. The Group has applied the adjustment retrospectively in accordance with TAS 8. As of January 1, 2019, the "Previous Years' Profits and Losses" effect is TRL 194.230, the "Other Payables" effect is TRL 249.013, the "Deferred Tax Asset" effect is TRL 54.782. The Group reclassified the deposit liabilities previously presented in "Other Long Term Payables" account to "Short Term Other Payables".

	Previously Reported	Effect of Restatement and Reclassification	Restated
Deferred Tax Assets	956.514	(54.782)	901.732
Other Current Payables	1.515.495	117.751	1.633.246
Other Long Term Payables	392.368	(366.763)	25.605
Retained Earnings	1.299.695	83.616	1.383.311
Non-Cfontrolling Interests	16.413.086	110.614	16.523.700

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

Comparative Information and Restatement of Prior Period Financial Statements (cont'd)

Reclassifications made in the financial statements as of December 31, 2019:

a) As presented in Public Disclosure Platform declarations of CCİ, the subsidiary of the Group, dated on January 21, 2020 and April 1, 2020 sales and distribution activities of the non-ready to drink tea Doğadan brand in CCİ's portfolio in Turkey has been terminated as of April 30, 2020. The Group restated its consolidated statement of profit or loss prepared for the year ended December 31, 2019, in comparison with the consolidated financial statements prepared for the year ending on December 31, 2020.

   In order to provide comparative information in the consolidated financial statements as of December 31, 2020, items from Doğadan brand are restated as discontinued operations in accordance with TFRS 5 in the consolidated income statement as of December 31, 2019. As a result of the reclassification, TRL 237.247 previously presented in the "Revenue" account, TRL 211.958 presented in the "Cost of Sales" account, TRL 21.819 presented in the "Marketing Expenses" account and TRL 824 presented in the "Current Period Tax (Expense) Income", "Discontinued Operations Period Net Profit" account.

b) Net representation in the foreign exchange gain/(loss) included in "Other Income and Expense from Operating Activities" accounts was taken as basis except for monthly effects and TRL 206.200 was netted off in the financial statements as of December 31, 2019. TRL 133.379 has been netted off in "Finance Income and Expense" accounts with the same approach. The aforementioned classification has no effect on previous years' losses and net profit for the relevant period.

c) Tax effect of the effective part of the change in value of the bonds and loans, which are defined to hedge net investments from financial risk amounting TRL 38.314 was reclassified to "Deferred Tax (Expense)/Income" from "Current Period Tax (Expense) Income" in the financial statements as of December 31, 2019, The aforementioned classification has no effect on previous years' losses and net profit for the relevant period.

d) Payable amounting TRL 61.059 in "Long Term Other Payables" was reclassified to "Long Term Trade Payables" account in the financial statements as of December 31, 2019. The aforementioned classification has no effect on previous years' losses and net profit for the relevant period.

e) The provision of TRL 4.397 in "Short Term Other Provisions" account was reclassified to "Short Term Trade Payables" due to its nature in the financial statements as of December 31, 2019. The aforementioned classification has no effect on previous years' losses and net profit for the relevant period.

f) In line with Migros, the subsidiary of the Group, growth targets and its strategic focus, Ramstore Macedonia DOO (a subsidiary of the Group operating in North Macedonia) operations have been re-evaluated. Following the evaluations, Ramstore Macedonia assets have been reclassified as "assets held for sale" since the sale of 100% shares of the subsidiary Ramstore Bulgaria EAD ("Ramstore Bulgaria"), the 99% direct shareholder of Ramstore Macedonia, is planned to be concluded in the short term. As of December 31, 2020, in order to provide comparative information in the consolidated financial statements, the items belonging to the disposal group that are classified as held for sale in the consolidated income statement as of December 31, 2019 are classified as discontinued operations in accordance with TFRS 5. As a result of the reclassification, TRL 326.604 previously presented in the "Revenue" (Group share: TRL 221.494, TRL 240.249 presented in the "Cost of Sales": TRL 162.866), TRL 21.691 presented in the "General Administrative Expenses" (Group share: TRL 6.622), TRL 50.435 presented in the "Marketing Expenses" (Group share: TRL 42.210), TRL (1.648) presented from the "Other Income and Expenses from Operating Activities" TRL (1.568), Financing TRL 1.345 (Group's share: TRL 976) presented from the income and expense and TRL 2.861 (Group share: TRL 2.266) presented in the "Current Period Tax (Expense) Income" are presented net in the "Discontinued Operations Net Profit".

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

Comparative Information and Restatement of Prior Period Financial Statements (cont'd)

Reclassifications made in the financial statements as of December 31, 2019:

g) Migros, the subsidiary of the Group, has reviewed its prior period lease liabilities calculation relating to TFRS 16 lease liabilities standard, which is effective from 1 January 2019. The Company has retrospectively restated the effects of the aforementioned changes in accordance with TAS 8 "Changes in Accounting Policies, Estimates and Errors". As a result of the amendment, decreases of TRL 3.244 in short-term prepaid expenses and TRL 4.959 in long-term prepaid expenses, a decrease of TRL 635.624 in right-of-use assets, an increase of TRL 244.222 in liabilities from lease liabilities, a decrease of TRL 928.022 in liabilities from long-term lease transactions, an increase of TRL 8.673 in deferred tax liabilities and an increase of TRL 31.300 in the net profit for the period. (The effect of the net profit of the parent company on the share of the group is TRL 15.650). As a result of the adjustments, a decrease of TRL 229 in the Cost of Sales, a decrease of TRL 41.463 in the "Marketing Expenses", an increase of TRL 2.644 in the "Other Operating Expenses", a decrease of TRL 926 in the "Financing Expenses", an increase of TRL 8.673 occurs in the "Deferred Tax Expense".

h) Anadolu Efes, the subsidiary of the Group, presents its liabilities from returnable bottles in "Other Payables" account within the framework of the current accounting policies. The Group uses its best estimates and assumptions based on its observations on changing conditions and consumer behavior, in order to present its financial statement and performance regarding the liabilities related to returnable bottles reflected in "Other Payables" account more accurately. The Group has applied the adjustment retrospectively in accordance with TAS 8. The effect on "Other Income from Operating Activities" for the relevant period is TRL 16.243, "Deferred Tax Income" effect is TRL 3.585, the effect on Prior Years' Profit or Losses is TRL 194.230, "Other Payables" effect is TRL 265.231, "Deferred Tax Assets" effect is TRL 58.343. The Group reclassified the deposit liabilities previously included in the "Other Long Term Payables" account to the "Short Term Other Payables" account.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

Comparative Information and Restatement of Prior Period Financial Statements (cont'd)

	December 31, 2019		
	Previously Reported	**Effect of Restatement and Reclassification**	**Restated**
Short-term Prepaid Expenses	761.533	(3.243)	758.290
Right of Use Asset	3.694.386	(635.625)	3.058.761
Long-term Prepaid Expenses	417.132	(4.959)	412.173
Deferred Tax Asset	1.087.895	(58.343)	1.029.552
Short-Term Lease Liabilities	531.239	244.222	775.461
Short-Term Trade Payables	11.476.060	4.397	11.480.457
Short-Term Other Payables	1.579.969	126.907	1.706.876
Other Short-Term Provisions	183.668	(4.397)	179.271
Long-Term Lease Liabilities	3.519.684	(928.023)	2.591.661
Long-Term Trade Payables	10.864	61.059	71.923
Long-Term Other Payables	487.737	(453.197)	34.540
Deferred Tax Liability	3.187.488	8.673	3.196.161
Retained Earnings	1.770.507	83.616	1.854.123
Net Profit or Loss	543.769	21.100	564.869
Non-Controlling Interests	17.655.280	133.473	17.788.753

	January 1 – December 31, 2019		
	Previously Reported	**Effect of Restatement and Reclassification**	**Restated**
Revenue	45.240.423	(458.741)	44.781.682
Cost of sales (-)	(31.480.012)	374.693	(31.105.319)
General Administrative Expenses (-)	(2.236.506)	6.622	(2.229.884)
Marketing Expenses (-)	(8.379.520)	105.492	(8.274.028)
Other Operating Income	1.091.396	(190.023)	901.373
Other Operating Expenses (-)	(1.306.890)	205.190	(1.101.700)
Financial Income	1.464.963	(119.649)	1.345.314
Financial Expenses (-)	(4.180.189)	119.599	(4.060.590)
Tax (Expenses) Income for The Period From Continuing Operations	(508.762)	(9.168)	(517.930)
Current Period Tax Expense (-) / Income	(455.738)	41.404	(414.334)
Deferred Tax Expense (-) / Income	(53.024)	(50.572)	(103.596)
Net Profit / Loss for The Period From Continuing Operations	1.216.897	34.015	1.250.912
Net Profit / Loss for The Period From Discontinued Operations	-	9.944	9.944
Attributable of Profit / Loss for the Period	1.216.897	43.959	1.260.856
- Non-controlling Interests	673.128	22.859	695.987
- Equity Holders of the Parent	543.769	21.100	564.869
Earnings (Loss) per share (full TRL)	2,2328	0,0867	2,3195
- Earnings (Loss) per share from continuing operations (full TRL)	2,2328	0,0459	2,2787
- Earnings / (Loss) per share from discontinued operations (full TRL)	-	0,0408	0,0408

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

Basis of Preparation of Financial Statements (cont'd)

New and Amended Turkish Financial Reporting Standards

a) Amendments that are mandatorily effective from 2020 year

Amendments to TFRS 3	*Definition of a Business*
Amendments to TAS 1 and TAS 8	*Definition of Material*
Amendments to TFRS 9, TAS 39 and TFRS 7	*Interest Rate Benchmark Reform*
Amendments to TFRS 16	*COVID-19 Related Rent Concessions*
Amendments to Conceptual Framework	*Amendments to References to the Conceptual Framework in TFRSs*

Amendments to TFRS 3 *Definition of a Business*

The definition of "business" is important because the accounting for the acquisition of an activity and asset group varies depending on whether the group is a business or only an asset group. The definition of "business" in TFRS 3 Business Combinations standard has been amended. With this change:

- By confirming that a business should include inputs and a process; clarified that the process should be essential and that the process and inputs should contribute significantly to the creation of outputs.
- The definition of a business has been simplified by focusing on the definition of goods and services offered to customers and other income from ordinary activities.
- An optional test has been added to facilitate the process of deciding whether a company acquired a business or a group of assets.

Amendments to TAS 1 and TAS 8 *Definition of Material*

The amendments in Definition of Material (Amendments to TAS 1 and TAS 8) clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards.

Amendments to TFRS 9, TAS 39 and TFRS 7 *Interest Rate Benchmark Reform*

The amendments clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

Amendments to TFRS 16 *COVID-19 Related Rent Concessions*

The changes in COVID-19 Related Rent Concessions (Amendment to TFRS 16) brings practical expedient which allows a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before June 30, 2021;
- and there are no substantive changes to other terms and conditions of the lease.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

Basis of Preparation of Financial Statements (cont'd)

New and Amended Turkish Financial Reporting Standards (cont'd)

a) Amendments that are mandatorily effective from 2020 (cont'd)

Amendments to TFRS 16 *COVID-19 Related Rent Concessions* (cont'd)

Amendments to TFRS 16 COVID-19 Related Rent Concessions will be applied by the tenants in the annual accounting periods starting from June 1, 2020 or after, but early implementation is allowed.

Amendments to References to the Conceptual Framework in TFRSs

The references to the Conceptual Framework revised the related paragraphs in TFRS 2, TFRS 3, TFRS 6, TFRS 14, TAS 1, TAS 8, TAS 34, TAS 37, TAS 38, TFRS Interpretation 12, TFRS Interpretation 19, TFRS Interpretation 20, TFRS Interpretation 22, and SIC-32. The amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2020, with early application permitted.

b) New and revised TFRSs in issue but not yet effective

The Group has not yet adopted the following standards and amendments and interpretations to the existing standards:

TFRS 17	*Insurance Contracts*
Amendments to TAS 1	*Classification of Liabilities as Current or Non-Current*
Amendments to TFRS 3	*Reference to the Conceptual Framework*
Amendments to TAS 16	*Property, Plant and Equipment – Proceeds before Intended Use*
Amendments to TAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to TFRS Standards 2018-2020	*Amendments to TFRS 1, TFRS 9 and TAS 41*
Amendments to TFRS 4	*Extension of the Temporary Exemption from Applying TFRS 9*
Amendments to TFRS 9, TMS 39, TFRS 7, TFRS 4 and TFRS 16	*Interest Rate Benchmark Reform — Phase 2*

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

Basis of Preparation of Financial Statements (cont'd)

New and Amended Turkish Financial Reporting Standards (cont'd)

b) New and revised TFRSs in issue but not yet effective (cont'd)

TFRS 17 *Insurance Contracts*

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 supersedes TFRS 4 Insurance Contracts as of January 1, 2023.

Amendments to TAS 1 *Classification of Liabilities as Current or Non-Current*

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after January 1, 2023 and earlier application is permitted.

Amendments to TFRS 3 *Reference to the Conceptual Framework*

The amendments update an outdated reference to the Conceptual Framework in TFRS 3 without significantly changing the requirements in the standard.

The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated *Conceptual Framework*) at the same time or earlier.

Amendments to TAS 16 *Proceeds before Intended Use*

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.

Amendments to TAS 37 *Onerous Contracts – Cost of Fulfilling a Contract*

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

The amendments published today are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

Basis of Preparation of Financial Statements (cont'd)

New and Amended Turkish Financial Reporting Standards (cont'd)

b) New and revised TFRSs in issue but not yet effective (cont'd)

Annual Improvements to TFRS Standards 2018-2020 Cycle

Amendments to TFRS 1 *First time adoption of International Financial Reporting Standards*

The amendment permits a subsidiary that applies paragraph D16 (a) of TFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to TFRSs.

Amendments to TFRS 9 *Financial Instruments*

The amendment clarifies which fees an entity includes in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

Amendments to TAS 41 *Agriculture*

The amendment removes the requirement in paragraph 22 of TAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in TFRS 13.

The amendments to TFRS 1, TFRS 9, and TAS 41 are all effective for annual periods beginning on or after January 1, 2022. Early application is permitted.

Amendments to TFRS 4 Extension of the Temporary Exemption from Applying TFRS 9

The amendment changes the fixed expiry date for the temporary exemption in TFRS 4 Insurance Contracts from applying TFRS 9 Financial Instruments, so that entities would be required to apply TFRS 9 for annual periods beginning on or after January 1, 2023.

Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 Interest Rate Benchmark Reform — Phase 2

The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

The amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 are all effective for annual periods beginning on or after January 1, 2021. Early application is permitted.

The Group evaluates effects of these standards, amendments and improvements on the consolidated financial statements.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

New standards and interpretations (cont'd)

Changes in Accounting Policies, Accounting Estimates and Errors

Changes in accounting policies or accounting errors are applied retrospectively and the consolidated financial statements of the comparative period are restated. If estimated changes in accounting policies are for only one period, changes are applied on the current year but if the estimated changes are for the following periods, changes are applied both on the current and following years prospectively. Except for the subject mentioned in "Comparative Information and Restatement of Prior Period Financial Statements", the Group has not identified any significant accounting error or estimated changes in accounting policies in the current year.

Basis of Consolidation

The principal accounting policies adopted in preparing the consolidated financial statements of the Group are as follows:

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. The consolidation of subsidiary ceases when the Company loses control of the subsidiary.

The consolidated financial statements of the Group include AG Anadolu Grubu Holding A.Ş. and subsidiaries under its control. This control is normally evidenced when the Group owns, either directly or indirectly, more than 50% of the voting rights of a company's share capital and is able to manage the financial and operating policies to benefit from its operations. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

Basis of Consolidation (cont'd)

Subsidiaries (cont'd)

The Company holds 43,05% of the shares in Anadolu Efes that is described as a subsidiary. The remaining 24% shares of Anadolu Efes are held by AB Inbev Harmony Ltd ("AB Inbev" – SAB Miller Harmony Ltd on the date the partnership was established), and 32,95% of the shares are publicly held. Yazıcılar Holding, Özilhan Sınai Yatırım A.Ş. and Anadolu Endüstri Holding A.Ş. (3 holding companies before the merger) are described as Anadolu Efes Control Group ("AECG"). Pursuant to the agreement between AECG and AB Inbev, AECG is granted right to exercise voting rights pertaining to 24% of the shares held by AB Inbev; thus AG Anadolu Grubu Holding A.Ş., as a reflection of this clause to the practice, such voting rights are granted to the Chairman of the Board of Directors of AGHOL that is under joint control of Yazıcı and Özilhan families by proxy in the general assembly of Anadolu Efes. Pursuant to terms and conditions of the agreement, this situation applies as long as the shareholding ratio (of AECG) in Efes is above 35%. From this perspective, AGHOL is able to exercise controlling power on Anadolu Efes together with the shares held by AB Inbev. Likewise, Shareholders Agreement executed with AB Inbev shall be terminated in case AGHOL sells Anadolu Efes shares and its shareholding ratio on Anadolu Efes declines below 35%, and this voting right and right to represent in the general assembly AB Inbev granted to AECG shall no longer exist.

On the other hand;

- The number of Board members representing The Company in the Board of Directors of Anadolu Efes,
- The Company's participation in policy-making processes, including participation in decisions about dividends or other distributions,
- The transactions between The Company and Anadolu Efes and providing internal audit services and high level finance, tax, legal and human resources support to Anadolu Efes by the managerial personnel of The Company are indicators of the Company's control power.

The Group management assessed whether or not the Group has control over Anadolu Efes based on whether the Group has the practical ability to direct the relevant activities of Anadolu Efes unilaterally. In making their judgement, the Group management considered the Group's absolute size of holding in Anadolu Efes and the relative size of and dispersion of the shareholdings owned by the other shareholders. After this assessment, it is concluded that the Group has control over Anadolu Efes.

Anadolu Efes and The Coca Cola Export Corporation (TCCEC) which owns 20,09% shares of CCİ, decided to change some of the provisions defined as the "important decisions" in the Association Agreement which is effective from January 1, 2013. As a result of this change, in accordance with the Shareholders' Agreement, TCCEC will have certain protective rights on major decisions. As a result, with effect from January 1, 2013, Anadolu Efes gained control over CCİ and started to include CCİ and its subsidiaries in consolidation scope.

A joint venture agreement was signed between EBI, the subsidiary of Anadolu Efes and AB Inbev Efes BV with a 50% stake in Anheuser Busch InBev SA/NV (AB InBev). The issue has detailed explanation in Note 3. As a result of this partnership agreement EBI has gained control over JSC Sun InBev, PJSC Sun InBev Ukraine and Bevmar GmbH. In addition to that EBI's control over Euro-Asien is continuing. Therefore, since March 29, 2018 EBI, has started to consolidate companies of JSC Sun InBev, PJSC Sun InBev Ukraine and Bevmar GmbH. As of March 29, 2018, Euro-Asien companies, which were previously consolidated with a 100% direct final ratio, continued to be consolidated with a 50% direct ownership to EBI.

"Business Partnership Agreement" related with the management of Migros, in which the Group has indirect 50% share, executed between the Group and Moonlight Capital S.A, the other shareholder of Migros has expired on April 30, 2019, as a result, there is no change in the shareholding rates. In TFRS 10 Consolidated Financial Statements under "Assessing Control" title, it is stated that an investor has rights that are sufficient to give it power when the investor has the practical ability to direct the relevant activities unilaterally. Also, it is stated that an investor holds significantly more voting rights than any other vote holder or organised group of vote holders, and the other shareholdings are numerous and widely dispersed, the investor has power over the investee. Since the related criteria in this standard have been fulfilled as of May 1, 2019, Migros has been accounted under investment accounted through equity method until April 30, 2019 and as of May 1, 2019 Migros has been accounted with full consolidation method.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

Basis of Consolidation (cont'd)

Subsidiaries (cont'd)

Non-controlling interests in the net assets of the subsidiaries included in consolidation, appears as a separate item in Group's equity. Non-controlling interest consists of non-controlling amount that already exists as of the first acquisition date and the amounts take place during the changes in the parent company's equity related to non-controlling interest after the first acquisition date. Losses exceeding the shares belonging to non-controlling interest are distributed to the shares of the Group, unless there is a mandatory obligation to compensate the recognized losses and an opportunity to make additional investments to cover the stated losses of the non-controlling interest. The equity and net income attributable to non-controlling shareholders' interests are shown separately in the consolidated balance sheet and statement of profit or loss, respectively.

Transactions with non-controlling interests that do not result in loss of control are accounted under equity. These type of transactions are done among the shareholders. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group loses control, any retained interest in the entity is remeasured to its fair value at the date when the control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

Investments in Associates

The Group's investments in associates are accounted under the equity method of accounting. Investments in associates are undertakings over which the Group generally has between 20% and 50% of the voting rights and the Group has significant influence and which are not subsidiaries or joint ventures of the Group. The investments in associates are carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates, less any impairment in value. The statement of profit or loss reflects the Group's share of the results of operations of the associates. The group's investment in associates includes goodwill identified on acquisition.

The Group's investments in associates which the Group has direct interest or indirect interest by its subsidiaries are accounted under the equity method of accounting considering direct or indirect shareholding rate in total. Non-controlling interest is calculated regarding the effective shareholding rate through its subsidiaries.

The investments valued accounted through equity method are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates, less any impairment in value. The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associates. The effect of the amounts that has not reflected to the profit or loss of the associate on the equity of the associate may require an adjustment on the book value of the associate. Group's share in these changes is directly being recorded in Group's equity.

Unrealized gains on transactions between the Group and its associates have been adjusted to the extent of the Group's interest in the associate and unrealized losses have been restated if the transaction does not imply impairment of the transferred asset.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

Basis of Consolidation (cont'd)

Investments in the Joint Ventures

Joint ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by the Group and its subsidiaries together with one or more other parties. The Group's interest in joint ventures is accounted for under the equity method of accounting.

The shareholder agreement signed between Anadolu Efes, the subsidiary of Group and Özgörkey Holding A.Ş., which owns 23,78% shares of Anadolu Etap on December 4, 2019, and Anadolu Etap's management structure does not allow any shareholder to control Anadolu Etap on its own. Anadolu Etap, is currently being accounted to Group's financials on equity method and will continue to account by using equity method during the period of validity of the shareholder agreement terms.

Under the equity method of accounting, interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the group's net investment in the joint ventures), the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealized gains on transactions between the Group and its joint ventures are eliminated to the extent of the group's interest in the joint ventures. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

The potential cash payments related to put options issued by the Group over the equity of subsidiary companies are accounted for as financial liabilities when such options may only be settled other than by exchange of a fixed amount of cash or another financial asset for a fixed number of shares in the subsidiary. The amount that may become payable under the option on exercise is initially recognized at fair value within borrowings with a corresponding charge directly to equity. The charge to equity is recognized separately as written put options over non-controlling interests, adjacent to non-controlling interests in the net assets of consolidated subsidiaries.

The Group recognizes the cost of writing such put options, determined as the excess of the fair value of the option over any consideration received, as a financial expense. Such options are subsequently measured at amortized cost, using the effective interest rate method, in order to accrete the liability up to the amount payable under the option at the date at which it first becomes exercisable. The charge arising is recorded as a financial expense. In the event that the option expires unexercised, the liability is derecognized with a corresponding adjustment to equity.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

Basis of Consolidation (cont'd)

Summary of Significant Accounting Policies

2.1 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control over a product or service to a customer:

Sale of Goods

Revenue is generated from beer and soft drinks sales to domestic and foreign dealers and customers and by-product sales. Revenues are recognized on an accrual basis at the time deliveries are made, the amount of revenue can be measured reliably and it's probable that the economic benefits associated with the transaction will flow to the Company at the fair value of considerations received or receivable. Net sales represent the invoiced value of goods shipped or services given without value added tax less sales returns and sales discounts.

Revenue recognition:

Group recognizes revenue when the goods or services is transferred to the customer and when performance obligation is fulfilled. Goods is counted to be transferred when the control belongs to the customer.

Group recognizes revenue based on the following main principles:

- Identification of customer contracts
- Identification of performance obligations
- Determination of transaction price in the contract
- Allocation of price to performance obligations
- Recognition of revenue when the performance obligations are fulfilled

Group recognized revenue from its customers only when all of the following criteria are met:

- The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations,
- Group can identify each party's rights regarding the goods or services to be transferred,
- Group can identify the payment terms for the goods or services to be transferred,
- The contract has commercial substance,
- It is probable that Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer's ability and intention to pay that amount of consideration when it is due.

Sale of goods: Revenue from the sale of goods is recognized when all the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods,
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold,
- The amount of revenue can be measured reliably,
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

Summary of Significant Accounting Policies (cont'd)

2.1 Revenue (cont'd)

Interest Income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend Income

Dividend income from investments is recognized when the shareholders' rights to receive payment have been established.

Rent Income

Rent income from investment properties is recognized on a straight-line basis over the term of the respective lease. When there is significant amount of cost of financing included in the sales, the fair value is determined by discounting all probable future cash flows with the yield rate, which is embedded in the cost of financing. The difference is included in financial statements on accrual basis.

2.2 Inventories

Inventories are valued at the lower of cost and net realizable value after provision for obsolete and slow moving. Overheads that have been incurred in bringing the inventories to their present location and condition are accounted as stated below:

Costs are accounted for weighted average method. Finished goods and semi-finished goods include cost of direct materials, labor and a proportion of manufacturing overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs incurred in order to realize sale.

Inventories related to the real estate operations comprise of construction costs of housing units (completed and in-progress) and the cost of land used for to these housing projects. Land held for future development of housing projects are also classified as inventory. Borrowing costs attributable to qualifying projects are capitalized. Housing units which are completed and ready for delivery to customers together with work-in progress costs for housing units which will be completed within a year, are classified as short and long term inventories in the consolidated financial statements.

2.3 Property, Plant and Equipment

Property, plant and equipment are carried with their cost after subtracting accumulated depreciation and impairment. Property, plant and equipment are depreciated principally on a straight-line basis. Land is not depreciated as it is deemed to have an indefinite life. The estimated useful lives of assets are as follows:

Land improvements	2-50 years
Buildings	2-50 years
Machinery and equipment	2-20 years
Motor vehicles	3-10 years
Furniture and fixtures	3-20 years
Returnable bottles and cases	5-10 years
Other tangible assets	2-20 years
Leasehold improvements	Lower of lease period or useful life

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

Summary of Significant Accounting Policies (cont'd)

2.3 Property, Plant and Equipment (cont'd)

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of property, plant and equipment is the greater of net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The increase in the carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years. The increase is recognized in the consolidated statement of profit or loss (Note 27).

The Group management recognizes returnable bottles as property, plant and equipment. The Group sells its products also in non-returnable bottles. For such sales, there is no deposit obligation of the Group.

Expenses for repair and maintenance of property, plant and equipment are normally charged to the statement of profit or loss. They are, however, capitalized and depreciated through the estimated useful life of the property, plant and equipment in exceptional cases if they result in an enlargement or substantial improvement of the respective assets.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

2.4 Assets Used in Renting Activities

In the case of the operating lease business, the economic ownership of the object of the lease remains with the lessor. Assets used in operational lease, which consist of motor vehicles, are carried at fair value in accordance with TAS 16, revaluation model. The fair values of assets used in renting activities are determined using the market value determined by taking into account the valuation of the experts of the company and valuation experts with professional qualifications. In the determination of fair value, "sample comparison approach analysis" method is used. Depreciation is calculated on a pro-rata basis at rates based on the contract periods of assets after deducting the residual value of the assets. The depreciable amount of an asset used in operational lease is the cost of the asset less its residual value, which is determined as the expected market value at the end of the leasing period. The residual value represents the net amount which the enterprise expects to obtain from an asset at the end of its useful life after deducting the expected costs of disposal. Residual values are initially recorded based on appraisals and estimates. Realization of the residual values is dependent on Çelik Motor's future ability to market the vehicles under the prevailing market conditions. Management reviews residual values periodically to determine that recorded amounts are appropriate and if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. In addition, assets used in operational lease, for which legal action have been taken against the lessor, are periodically subjected to the impairment test.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

Summary of Significant Accounting Policies (cont'd)

2.4 Assets Used in Renting Activities

As the residual value (the value of the vehicle at the end of the lease as estimated by Çelik Motor in advance) may differ from the actual market price at the end of the lease, this is considered to be market risk. The residual value is basically affected by external factors. Supply of second hand cars, consumer preferences, exchange rates, government policies and general economic circumstances can only be managed to a certain extent. Çelik Motor has a robust policy in place with respect to residual value risks.

Among other things, Çelik Motor manages the residual value risk by describing the roles and responsibilities in relation to the mandatory frequency of risk measurement and reporting and the minimum risk mitigation standards. Statistical models are applied to calculate the future value of a car as accurately as possible, taking country-specific factors into account. Çelik Motor has an advanced management information system, which accurately monitors the development of residual values under its lease contracts. It also monitors the residual values realized when the vehicles are sold.

2.5 Investment Properties

Investment properties are stated at cost less accumulated depreciation and any impairment in value. Investment properties are depreciated on a straight-line basis over the estimated useful live which is 50 years.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of profit or loss in the period of retirement or disposal.

Transfers are made to or from investment property only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by the commencement of owner-occupation or commencement of development to sell.

2.6 Intangible Assets

(i) Goodwill and impairment of goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statement of profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

Summary of Significant Accounting Policies (cont'd)

2.6 Intangible Assets (cont'd)

(ii) Other intangible assets

Intangible assets acquired separately from a business are capitalized at cost. Intangible assets, excluding development costs, created within the business are not capitalized and expenditure is charged against profits in the period in which it is incurred.

Useful lives of intangible assets are determined as either finite or infinite.

Intangible assets are amortized on a straight line basis over the estimated useful lives. The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Intangible assets with indefinite useful life formed in the financial statements in accordance with purchase method, are not subject to amortization and the carrying amounts of such intangibles are reviewed for impairment at least annually and whenever there is an indication of possible impairment.

a) Brands

The brands, which belong to International Beer Operations of Anadolu Efes and Migros; which are acquired as part of a business combination, are carried at their fair value and brands are separately carried at cost in the financial statements. The Group expects that the brands will generate cash inflow indefinitely and therefore are not amortized. Brands are reviewed for impairment annually.

b) Bottlers and Distribution Agreements

Bottlers and distribution agreements include,

i) Bottlers and distribution agreements that are signed with the Coca Cola Company identified in the financial statements of the subsidiaries acquired through change in scope of consolidation in 2013

ii) "Distribution Agreements" that are signed related with various brands identified in the fair value financial statements of the subsidiaries acquired by EBI in 2012 and 2018

Since the management of Anadolu Efes, the subsidiary of the Group, expects to renew these agreements without any additional costs after expiration, it is decided that there are no definite useful lives of such assets. The intangible assets relating to the bottlers and distribution agreements are therefore not amortized. Bottlers and distribution agreements are tested for impairment annually.

c) License Agreements

License agreements includes, the agreements that are signed related with various brands identified in the fair value financial statements of subsidiaries acquired in 2012 and 2018 by EBI in the scope of consolidation. Since the Group management expects to renew these agreements without any additional costs after expiration, it is decided that there are no definite useful lives of such assets. License agreements are treated as cash generating units with indefinite useful life. License agreements are tested for impairment annually. License agreements are treated as cash generating unit with indefinite useful life.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

Summary of Significant Accounting Policies (cont'd)

2.6 Intangible Assets (cont'd)

d) Rights

The rights acquired as part of a business combination is carried at their fair value and if they are acquired separately, then they are carried at cost in the financial statements. Rights in the consolidated financial statements comprise mainly water sources usage rights and are amortized on a straight-line basis over 9 to 40 years.

e) Software

The cost of acquisition of new software is capitalized and treated as an intangible asset if these costs are not an integral part of the related hardware. Software is amortized on a straight-line basis over 1 to 5 years.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized. This difference is recognized in profit or loss when the asset is excluded from the statement of financial position.

2.7 Non-Current Assets Classified as Held for Sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction instead of its usage. These assets can be a business unit, sales group or a separate tangible asset. In the event that the completion of the sale of assets held for sale is postponed due to reasons beyond the control of the Group and if the active sales plan continues, the Group continues to classify the assets as assets held for sale. Assets held for sale are recognized at the lower of carrying amount or fair value. The impairment loss is recognized in consolidated statement of profit or loss profit or loss the period, at when the carrying value is less than the fair value. No depreciation is recognized for these assets.

2.8 Business Combinations

The acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

Summary of Significant Accounting Policies (cont'd)

2.8 Business Combinations (cont'd)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with TAS 12 *Income Taxes* and TAS 19 *Employee Benefits* respectively;

- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with TFRS 2 *Share-Based Payment* at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with TFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another TFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent considerations are remeasured at fair value and changes are accounted in the statement of profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

Summary of Significant Accounting Policies (cont'd)

2.8 Business Combinations (cont'd)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

2.9 Impairment of Assets

All assets other than goodwill are tested whether there is an indication of impairment of asset or not for each periods of the balance sheet. If such an indication exists, recoverable amount of that asset is estimated. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

2.10 Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs shall be recognized as an expense when incurred.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2.11 Financial Instruments

Financial assets and financial liabilities are recognized in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

Summary of Significant Accounting Policies (cont'd)

2.11 Financial Instruments (cont'd)

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

The Group classifies its financial assets as (a) Business model used for managing financial assets, (b) financial assets subsequently measured at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss based on the characteristics of contractual cash flows. The Group reclassifies all financial assets effected from the change in the business model it uses for the management of financial assets. The reclassification of financial assets is applied prospectively from the reclassification date. In such cases, no adjustment is made to gains, losses (including any gains or losses of impairment) or interest previously recognized in the financial statements.

<u>Classification of financial assets</u>

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset; the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met.

(i) <u>Amortized cost and effective interest method</u>

Interest income on financial assets carried at amortized cost is calculated using the effective interest method. The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. This income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset:

a) Credit-impaired financial assets when purchased or generated. For such financial assets, the Group applies the effective interest rate on the amortized cost of a financial asset based on the loan from the date of the recognition in the financial statements.
b) Non-financial assets that are impaired at the time of acquisition or generation but subsequently become a financial asset that has been impaired. For such financial assets, the Group applies the effective interest rate to the amortized cost of the asset in the subsequent reporting periods.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

Summary of Significant Accounting Policies (cont'd)

2.11 Financial Instruments (cont'd)

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI (see (i) above) are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy).

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically,

- for financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the 'other gains and losses' line item;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortized cost of the debt instrument are recognized in profit or loss in the 'other gains and losses' line item. Other exchange differences are recognized in other comprehensive income in the investments revaluation reserve;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the 'other gains and losses' line item; and
- for equity instruments measured at FVTOCI, exchange differences are recognized in other comprehensive income in the investments revaluation reserve.

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as financial guarantee contracts. No impairment loss is recognized for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group utilizes a simplified approach for trade receivables, contract assets and lease receivables that does not have significant financing component and calculates the allowance for impairment against the lifetime ECL of the related financial assets.

For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

Summary of Significant Accounting Policies (cont'd)

2.11 Financial Instruments (cont'd)

Measurement and recognition of expected credit losses (cont'd)

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities

Financial liabilities are classified as at FVTPL on initial recognition. On initial recognition of liabilities other than those that are recognized at FVTPL, transaction costs directly attributable to the acquisition or issuance thereof are also recognized in the fair value.

A financial liability is subsequently classified at amortized cost except:

a) Financial liabilities at FVTPL: These liabilities including derivative instruments are subsequently measured at fair value.

b) Financial liabilities arising if the transfer of the financial asset does not meet the conditions of derecognition from the financial statements or if the ongoing relationship approach is applied: When the Group continues to present an asset based on the ongoing relationship approach, a liability in relation to this is also recognized in the financial statements. The transferred asset and the related liability are measured to reflect the rights and liabilities that the Company continues to hold. The transferred liability is measured in the same manner as the net book value of the transferred asset.

c) A contingent consideration recognized in the financial statements by the entity acquired in a business combination where TFRS 3 is applied: After initial recognition, the related contingent consideration is measured as at FVTPL.

The Group does not reclassify any financial liability.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

Summary of Significant Accounting Policies (cont'd)

2.11 Financial Instruments (cont'd)

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, options and interest rate swaps. Further details of derivative financial instruments are disclosed in Note 34.

Derivatives are recognized initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both legal right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

2.12 Foreign Currency Transactions

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TRL, which is the functional currency of the Group, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the Company and its Turkish subsidiaries, transactions in currencies other than TRL (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. The foreign currency income or expenses incurred from the translation of foreign currency denominated transaction or restatement of monetary items is reflected within the statement of income in the related period.

Exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings are recognized in profit or loss in the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in TRL using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such exchange differences are recognized in profit or loss in the period in which the foreign operation is disposed of. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

Summary of Significant Accounting Policies (cont'd)

2.13 Earnings per Share

Earnings per share disclosed in the consolidated statement of income are determined by dividing net income by the weighted average number of shares in existence during the period concerned.

In Turkey, companies can raise their share capital by distributing shares ("Bonus Shares") to shareholders in their retained earnings. In computing earnings per share, such "bonus share" distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

2.14 Events After the Reporting Period

Subsequent events cover all events between the balance sheet date and authorization date of balance sheet for issue even if subsequent event has occurred after any announcement about the profit or any other selected financial information made public. Those matters that do not require adjustment after the balance sheet date are disclosed in the consolidated financial statements in the event that matters affect the financial decisions of the financial statements users.

The Group adjusts the amounts recognized in its consolidated financial statements to reflect the adjusting events after the balance sheet date. If non-adjusting events after the balance sheet date have material influence on the economic decisions of users of the financial statements, they are disclosed in the notes to the consolidated financial statements.

2.15 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Contingent liabilities are assessed continuously to determine whether the possibility of an outflow of resources embodying economic benefits is probable. When the possibility of an outflow of resources embodying economic benefits is probable for the accounts classified as contingent liabilities, provision is provided in the financial statements for related contingent liabilities except for the situations there is not a reliable estimation.

The Group discloses the contingent liabilities that are probable but there is not a reliable estimation for the amount of resources embodying economic benefits.

Assets that result from previous events that cannot be controlled fully by the Group and depend on the realization of one or more uncertain events, is considered as a contingent asset. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is certain that reimbursement will be received and the amount of the receivable can be measured reliably.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

Summary of Significant Accounting Policies (cont'd)

2.16 Leases

As a lessee

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

a) the contract involved the use of an identified asset – this may be specified explicitly or implicitly.
b) the asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified.
c) the Group has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use; and
d) the Group has the right to direct use of the asset. The Group concludes to have the right of use, when it is predetermined how and for what purpose the Group will use the asset. The Group has the right to direct use of asset if either:
    i. the Group has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;
    ii. the Group designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration the contract to each lease component on the basis of their relative stand-alone prices.

Right of use asset

The right of use asset is initially recognized at cost comprising of:

a) amount of the initial measurement of the lease liability;
b) any lease payments made at or before the commencement date, less any lease incentives received;
c) any initial direct costs incurred by the Group; and

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

a) less any accumulated depreciation and any accumulated impairment losses; and
b) adjusted for any remeasurement of the lease liability.

The Group applies the straight-line method to depreciate the right of use. If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the Group depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, The Group depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

Summary of Significant Accounting Policies (cont'd)

2.16 Leases (cont'd)

Lease Liability

At the commencement date, The Group measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group use the lessee's incremental borrowing rate.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

a) fixed payments, less any lease incentives receivable;
b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
c) the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
d) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

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

a) increasing the carrying amount to reflect interest on the lease liability;
b) reducing the carrying amount to reflect the lease payments made; and
c) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in- substance fixed lease payments.

The Group as a Lessor

Operating Lease

The Group presents assets subject to operating leases in the balance sheets according to their nature. Lease income from operating leases is recognized in income on a straight-line basis over the lease term. The aggregate cost of incentives provided to lessees is recognized as a reduction of rental income over the lease term on a straight-line basis. Operating leases are amortized based on their cost after deducting their residual values.

TAS 16 "Property, Plant and Equipment", items of property, plant and equipment held for rental that are routinely sold in the ordinary course of business after rental, are transferred to inventory when rental ceases.

Sale and leaseback transaction

A sale and leaseback transaction involves the sale of an asset and the leasing back of the same asset. The lease payment and the sale price are usually interdependent because they are negotiated as a package. The accounting treatment of a sale and leaseback transaction depends upon the type of lease involved. If a sale and leaseback transaction results in a finance lease, any excess of sales proceeds over the carrying amount shall not be immediately recognised as income by a seller-lessee. The Group continues to account property, plant and equipment which are subject to sale and leaseback, with previous carrying amount as if the related sale and leaseback does not exist.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

Summary of Significant Accounting Policies (cont'd)

2.17 Related Parties

Parties are considered related to the Group if;

(a) directly, or indirectly through one or more intermediaries, the party:
  (i) controls, is controlled by, or is under common control with, the Company (this includes parents, subsidiaries and fellow subsidiaries);
  (ii) has an interest in the Company that gives it significant influence over the Company; or
  (iii) has joint control over the Company;
(b) the party is an associate of the Company;
(c) the party is a joint venture in which the Company is a venture;
(d) the party is member of the key management personnel of the Company or its parent;
(e) the party is a close member of the family of any individual referred to in (a) or (d);
(f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e);
(g) the party has a defined benefit plan for the employees of the Company or a related party of the Company.

Related party transactions are transfer of resources or obligations between related parties, regardless of whether a price is charged.

2.18 Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, whose operating results are regularly reviewed by the Group Management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Group is organized and primarily managed in six principal segments: Beer, Soft Drinks, Migros, Automotive (including passenger vehicles, commercial vehicles, generator, spare and component parts, motor vehicle renting), Energy& Industry (stationery, restaurant management, tourism, production and sale of electricity and real estate) and Other (information technology, trade).

2.19 Government Incentives and Grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to such grants, and that the grants will be received. They are recognized as income over the period to match them with the related costs that they are intended to compensate. Income relating to government grants is recognized as a deduction from the appropriate expense.

2.20 Taxes

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes have been calculated on a separate-entity basis.

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax

The current income tax payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

The current income tax charge is calculated in accordance with the tax laws enacted or substantively enacted at the balance sheet date in the countries where the subsidiaries and joint ventures of the Group operate.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

Summary of Significant Accounting Policies (cont'd)

2.20 Taxes (cont'd)

Corporate Tax Rate of Significant Subsidiaries Located in Foreign Countries

	2020	2019
The Netherlands	**25%**	25%
Russia	**20%**	20%
Kazakhstan	**20%**	20%
Moldova	**12%**	12%
Georgia	**-**	-
Ukraine	**18%**	18%
Azerbaijan	**20%**	20%
Kyrgyzstan	**10%**	10%
Pakistan	**29%**	29%
Iraq	**15%**	15%
Jordan	**16%**	14%
Turkmenistan	**8%**	8%
Tajikistan	**13%**	13%
Bulgaria	**10%**	10%
Macedonia	**10%**	10%

Deferred Tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.
Deferred Tax (cont'd)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Current Income Tax and Deferred Tax

The tax expense for the year comprises current and deferred tax. Tax is recognized in the statement of profit or loss, except to the extent that it relates to items recognized directly in equity. In such case, the tax is also recognized in equity.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

Summary of Significant Accounting Policies (cont'd)

2.21 Employee Termination Benefits

Defined Benefit Plan

In accordance with existing social legislation in Turkey, the Group companies operating in Turkey are required to make lump-sum termination indemnities to each employee who has completed over one year of service with the Group and whose employment is terminated due to retirement or for reasons other than resignation or misconduct.

In the consolidated financial statements, the Group has reflected a liability using the projected unit credit method and based upon estimated inflation rates and factors derived using the Group's experience of personnel terminating their services and being eligible to receive such benefits and discounted by using the current market yield at the balance sheet date on government bonds.

Also, CCBPL has gratuity fund provision as a defined benefit plan and calculated in accordance with TAS 19 ‘‘Employee Benefits’’ using actuarial works. Employee is eligible for gratuity after completing 3 years with the Company and can take his accrued gratuity amount at the time of separation from the Company or at retirement age. This provision is calculated by actuarial firm and the actuarial gain/loss accumulated on this provision is reflected to financial statements the gains/loss originated from the changes in actuarial assumptions and the fluctuations between actuarial assumptions and the actual results are reflected as other comprehensive income to equity.

Defined Contribution Plan

The Group pays contributions to the Social Security Institution of Turkey on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are accrued.

Long Term Incentive Plans

The Group provides a benefit to its employees over a certain seniority level under the name “long term incentive plan”. Provision for long term incentive plan accrued in consolidated financial statements reflects the discounted value of the estimated total provision of possible future liabilities until the financial statement date.

2.22 Statement of Cash Flows

Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements.

Cash flows from operating activities represent the cash flows generated from the Group’s activities.

Cash flows from investing activities represent the cash flows that are used in or provided from the investing activities of the Group (tangible and intangible assets and financial assets).

Cash flows from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

2.23 Hedge Accounting

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations as appropriate. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

Summary of Significant Accounting Policies (cont'd)

2.23 Hedge Accounting (cont'd)

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge).

For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognized directly as other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of consolidated income as part of financial income and expense. Amounts recognized as other comprehensive income are transferred to the statement of consolidated income when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast purchase occurs.

Foreign Currency Hedge of Net Investments in Foreign Operations

Group that is determined to be effective on the gain or loss arising from the hedging instrument related to the net investments in foreign subsidiaries operating in foreign countries is recognized directly in equity and the ineffective portion is recognized in the statement of profit or loss. In the case of disposal of a foreign subsidiary, the amount recognized in equity for the hedging instrument is recognized in profit or loss.

Other derivatives not designated for hedge accounting

Other derivatives not designated for hedge accounting are recognized initially at fair value; attributable transaction costs are recognized in statement of consolidated income when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes in the fair value of such derivatives are recognized in the consolidated income statement as part of finance income and costs.

2.24 Share Capital and Dividends

Common shares are classified as equity. Dividends on common shares are recognized in equity in the period in which they are approved and declared.

2.25 Research and Development Expenses

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and only if the cost can be measured reliably. Other development expenditures are recognised as expenses as incurred. Development expenses recognised as expense in prior periods are not subject to capitalisation in subsequent periods.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

Summary of Significant Accounting Policies (cont'd)

Use of Accounting Estimates and Assumptions

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of balance sheet date. Actual results may vary from the current estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the periods in which they become known. The source of the risk carrying estimates, assumptions and calculation indefinitions which may cause to significant adjustments at assets and liabilities at following periods as of balance sheet date are; actuarial assumptions used for employee termination benefits, impairment of assets and useful lives of tangibles and intangibles. These estimates and assumptions are explained at related disclosure in detail:

Goodwill impairment

The Group performs impairment test for tangible assets, intangible assets with indefinite useful life and goodwill annually or when circumstances indicate that the carrying value may be impaired. As of December 31, 2020, Group made impairment test for the intangible assets with indefinite useful life and goodwill is generated by comparing its carrying amount with the recoverable amount. The recoverable amount is the higher of net selling price and value in use. In these calculations, estimated free cash flows before tax from financial budgets and approved by Board of Directors are used. Approved free cash flows before tax are calculated for 5 – 10 years period by using expected growth rates. Estimated free cash flows before tax are discounted to expected present value for future cash flows. Key assumptions such as country specific market growth rates, gross domestic product (GDP) per capita and consumer price indices were derived from external sources. Main estimates such as raw material and good prices, working capital requirements and capital expenditures were based on the Group's key assumptions and historical operating data.

The enterprise value used as a base for the impairment test has been calculated using cash flow projections from the strategic business plan approved by the Board of Directors. Perpetuity growth rate used in impairment test in the operating units is between 4,00% - 15,07% (December 31, 2019: between 3,00% and 15,10%) and after tax discount rate is between 9,28% and 24,80% (December 31, 2019: between 8,46% and 26,70%).

Provision for expected credit loss

Allowance for expected credit loss is recognized by using the expected credit loss defined in TFRS 9. Expected credit losses are calculated based on Group's future estimates and experience over the past years. The provision for expected credit loss is explained in the Note 8.1 as of consolidated statement of financial position's date.

Provisions for impairment in inventories

During the assessment of the provision for impairment in inventory the followings are considered; analyzing the inventories physically and historically, considering the employment and usefulness of the inventories respecting to the technical personnel view. Sales prices listed, average discount rates given for sale and expected cost incurred to sell are used to determine the net realizable value of the inventories. As a result of this, the inventories with the net realizable values below the costs are explained in the Note 10.

Employee termination benefit

Discount rates are determined using actuarial valuations which involve making assumptions about future salary increases and employee turnover rates. The details related with the defined benefit plans are explained in Note 17.2.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

Use of Accounting Estimates and Assumptions (cont'd)

Warranty provision

Group has determined the warranty provision by considering the realized warranty expense per each product in the previous years for each product model/type and the warranty period left per each product. Group also takes into consideration the warranty expenses that can be recourse to the manufacturer along with expenses of previous years and contracts and does not make provisions for these amounts. The details related with warranty provision are explained in Note 17.3.

Carry forward tax losses subject to deferred tax calculation

Carry forward tax losses are reviewed each reporting period. Under the circumstances that a taxable income will be realized in the future, deferred tax is calculated over the temporary differences by carrying forward the deferred tax asset in the previous years and the accumulated losses (Note 30.2).

Put Option Liability

The liability for the put option that has been measured by applying different valuation techniques and assumptions has been presented in "other current liabilities" in the consolidated balance sheet based on their remaining maturities (Note 20).

Assets used in renting activities

Çelik Motor, a subsidiary of the Group, recognizes assets used in renting activities at fair value on a prospective basis in the context of TAS 16, a revaluation model. The fair value of assets is determined based on the average sales prices in the market and sales prices of the vehicles sold through İkinciyeni.com in previous periods, the estimates made by Çelik Motor Management using independent data. In this context, revaluations are made every six months utilizing reliable and independent data sources. As of December 31, 2020, valuation was also calculated under this policy and revaluation increase of TRL 111.115 after deferred tax was recognized under Revaluation and Remeasurement Gain (Loss). As of December 31, 2020, the net book value of the assets used in operational leasing before valuation amounts to TRL 167.759 (December 31, 2019: TRL 738.786).

Assets that are carried at revalued amount and used for operational leasing are valued at a rate that will ensure that the assets do not differ from their fair value. Revaluation increases are recognized in the revaluation fund in the comprehensive income statement.

Accumulated depreciation on the revaluation date is netted at gross value of the assets used in operational leasing and the net amount equals the revalued amount of the asset used in the operational leasing.

In case of the disposal of the asset carried at fair value, the profit or loss (the difference between the net cash flow from the sale and the carrying amount of the asset) is transferred primarily to the revaluation fund related to that asset in the valuation fund and to the retained earnings. The balance is added to the profit or loss statement of the year during which the asset is disposed.

Residual values of assets used in operational lease

The Group management has significant assumptions regarding the technical team's experience in determining the second hand vehicle sales values at the end of the rental period of the vehicles located in property, plant and equipment and leased to the operator. The difference between the cost values of these vehicles and the second hand sales values is amortized over the term of the lease contracts.

Property, Plant and Equipment useful life

The management of Soft Drink Operations management has made significant assumptions based on the expertise of its technical departments in determining the useful life of spare parts for machinery and equipment. The Group made changes in its useful life estimates in 2020 and reduced the related useful life estimate for spare parts of soft drink operations from 20 years to 10 years. (Note 13)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

Use of Accounting Estimates and Assumptions (cont'd)

Returnable bottles

The Group accounts its returnable bottles liabilities under other payables within the framework of the accounting policies. The Group accounts its liabilities related to the part of current returnable bottles available in the market that expected to return in the future periods under other payables based on its estimates and assumptions

NOTE 3 - BUSINESS COMBINATIONS

Transactions for year of 2020

The Group's ownership in Anadolu Etap has been increased to 32,81% from 30,87% on March 6, 2020 following the capital increase by Anadolu Efes amounting to TRL 126.392. Anadolu Etap, is currently being accounted to Group's financials on equity method and will continue to accounted by using equity method, as the current governance structure and agreements among the shareholders of the Anadolu Etap does not allow any shareholder to fully control and consolidate.

Transactions for year of 2019

1) "Business Partnership Agreement" related with the management of Migros, in which the Group has indirect 50% share, executed between the Group and Moonlight Capital S.A, the other shareholder of Migros has expired on April 30, 2019, as a result, there is no change in the shareholding rates. In TFRS 10 Consolidated Financial Statements under "Assessing Control" title, it is stated that an investor has rights that are sufficient to give it power when the investor has the practical ability to direct the relevant activities unilaterally. Also, it is stated that an investor holds significantly more voting rights than any other vote holder or organised group of vote holders, and the other shareholdings are numerous and widely dispersed, the investor has power over the investee. Since the related criteria in this standard have been fulfilled as of May 1, 2019, Migros has been accounted under investment accounted through equity method until April 30, 2019 and as of May 1, 2019 Migros has been accounted with full consolidation method.

This amendment is accounted as business combination achieved in stages according to TFRS 3 "Business Combinations" and in a business combination achieved in stages, the acquirer shall re-measure its previously held equity interest in the acquire at its acquisition-date fair value and recognize the resulting gain or loss.

TFRS 3 Business Combinations permits fair value appraisal works to be completed in one-year period. Fair value appraisal works related to assets, liabilities and contingent liabilities in the Migros' financial statements have been recognized in accordance with TFRS 3 "Business Combinations". The difference between the fair value of Migros and the fair value of Migros' net assets has been recognized as goodwill amounting to TRL 3.717.403 in the consolidated financial statements as of December 31, 2019, the difference between Migros' fair value and amount of investment accounted by equity method amounting to TRL 1.185.846 as of April 30, 2019 is recognized as income from investing activities in the consolidated financial statements (Note 15.2, Note 27.1).

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 3 - BUSINESS COMBINATIONS (cont'd)

Transactions for year of 2019 (cont'd)

The fair values of Migros' net assets in its financial statements as of April 30, 2019 are as follows:

	Fair Value	Book Value
Cash and cash equivalents	1.745.475	1.745.475
Trade receivables	167.426	167.426
Inventories	2.832.556	2.506.356
Assets held for sale	133.083	39.009
Other current assets	131.633	131.633
Investment properties	32.325	22.389
Tangible assets	3.807.985	3.419.863
Right of use assets	2.907.972	2.907.972
Intangible assets		
- Goodwill	1.565	1.565
- Brand	116.411	2.787
- Other intangible assets	193.866	265.261
Deferred tax assets	-	103.599
Other Non - current assets	23.369	23.369
Financial liabilities	(4.915.253)	(4.915.253)
Lease liabilities	(2.967.585)	(2.967.585)
Trade payables	(4.941.902)	(4.941.902)
Other liabilities	(827.584)	(827.584)
Deferred tax liabilities	(110.225)	-
Carrying value of net assets	**(1.668.883)**	**(2.315.620)**
Fair value of shares hold (*)	2.882.962	
Value of identifiable net assets of non-controlling interests	(834.441)	
	2.048.521	
Value of identifiable net assets	(1.668.883)	
Goodwill as a result of business combination (Not 15.2)	**3.717.403**	

(*) The relevant amount is calculated by the weighting of discounting future cash flows of cash generating units, the market value which includes control premium as at April 30, 2019 and the enterprise value calculated with EBITDA multiple which also includes control premium.

2) In December 2019, the transactions detailed below are made regarding Anadolu Etap, which is accounted as an investment valued by equity.

a) Anadolu Efes, a subsidiary of the Group, Burlingtown LLP and Özgörkey Holding A.Ş. (Özgörkey Holding) signed a share purchase agreement on December 4, 2019 for the purchase of Burlingtown LLP's 39,7% shares in Anadolu Etap at the rate of each partner's own shares. Based on this share purchase agreement, Anadolu Efes purchased 26,1% of Anadolu Etap for a price of TRL 189. Following the share transfer on December 6, 2019, Anadolu Efes shareholding in Anadolu Etap increased from 39,70% to 65,84% (The share of the Group increased from 17,1% to 28,3%).

b) As a result of the capital increase amounting to TRL 114.000 at Anadolu Etap on December 27, 2019, Anadolu Efes share in Anadolu Etap increased from 65,84% to 71,70% (The share of the Group increased from 28,3% to 30,9%).

Anadolu Etap, which is accounted as an investment valued by equity in the financial statements of the Group, will continue to be recognized as an investment valued by equity since the management structure and the agreements between the shareholders do not allow any shareholder to control Anadolu Etap alone.

NOTE 4 - SEGMENT REPORTING

The management monitors the operating results of its six business units separately for the purpose of making decisions about the resource allocation and performance assessment. The six operating segments are: Beer, Soft Drinks, Migros, Automotive (including passenger vehicles, commercial vehicles, generator, spare and component parts, motor vehicle renting), Energy&Industry (stationery, restaurant management, tourism, production and sale of electricity and real estate) and Other (information technology, trade).

Since segment reporting and information used in the Group management reporting is consistent with consolidated statement of financial position and consolidated statement of profit or loss the Group does not need to perform reconciliation between the consolidated statement of profit or loss, consolidated statement of financial position and the segment reporting disclosure.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 4 - SEGMENT REPORTING (cont'd)

December 31, 2020	Beer	Soft-Drinks	Migros	Automotive	Energy&Industry	Other	Eliminations and Adjustments	Consolidated
Sales	12.022.768	13.552.637	28.787.257	5.731.609	1.666.774	19.117	331.150	62.111.312
Inter-segment sales	329.255	838.376	2.933	9.473	20.034	137.231	(1.337.302)	-
Total Sales	**12.352.023**	**14.391.013**	**28.790.190**	**5.741.082**	**1.686.808**	**156.348**	**(1.006.152)**	**62.111.312**
GROSS PROFIT(LOSS)	**4.877.647**	**5.072.195**	**7.398.867**	**941.708**	**385.883**	**117.902**	**(42.171)**	**18.752.031**
Operating expenses	(4.430.096)	(2.876.471)	(6.017.805)	(361.031)	(245.762)	(165.938)	155.881	(13.941.222)
Other operating income (expenses), net	137.600	(52.594)	(347.110)	(44.914)	2.676	19.842	(60.222)	(344.722)
Gain (loss) from the investments accounted through equity method (*)	(245.647)	(3.357)	-	-	(164)	(30.617)	-	(279.785)
OPERATING INCOME (LOSS)	**339.504**	**2.139.773**	**1.033.952**	**535.763**	**142.633**	**(58.811)**	**53.488**	**4.186.302**
Income (expense) from investing activities, net	520.454	(84.531)	28.749	118.658	(4.475)	(23)	(77.232)	501.600
Financial income (expense), net	(428.232)	(289.092)	(1.283.406)	(283.979)	(420.885)	(497.549)	16.773	(3.186.370)
INCOME (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**431.726**	**1.766.150**	**(220.705)**	**370.442**	**(282.727)**	**(556.383)**	**(6.971)**	**1.501.532**
Tax (expense) income from continuing operations, net	(164.287)	(447.980)	(183.240)	26.455	(78.660)	(14.857)	(24.821)	(887.390)
NET INCOME (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	**267.439**	**1.318.170**	**(403.945)**	**396.897**	**(361.387)**	**(571.240)**	**(31.792)**	**614.142**
NET INCOME (LOSS) FOR THE PERIOD FROM DISCONTINUED OPERATIONS	**-**	**(3.964)**	**996**	**-**	**-**	**-**	**2.271**	**(697)**
Attributable to:								
- Non-controlling interest	(52.212)	81.535	35	(111)	(5.226)	-	869.199	893.220
- Equity holders of the parent	319.651	1.232.671	(402.984)	397.008	(356.161)	(571.240)	(898.720)	(279.775)
Total Assets	**23.570.079**	**19.147.331**	**15.378.059**	**3.066.513**	**2.406.055**	**4.613.249**	**5.131.916**	**73.313.202**
Total Liabilities	**13.980.227**	**10.410.690**	**15.344.598**	**2.518.232**	**2.804.787**	**3.193.437**	**795.673**	**49.047.644**
Net debt	**2.169.311**	**1.476.651**	**3.535.609**	**880.611**	**2.143.209**	**2.733.064**	**(68.597)**	**12.869.858**
Purchases of tangible & intangible assets, assets used in renting activities and investment property	1.079.794	666.144	539.496	123.380	23.101	245	(73)	2.432.087
EBITDA	**1.956.702**	**3.136.818**	**2.352.402**	**608.252**	**300.089**	**(21.276)**	**76.203**	**8.409.190**
- Depreciation and amortization	1.143.407	918.368	843.084	63.346	146.605	6.671	22.718	3.144.199
- Provision for employee termination benefits	15.451	33.590	109.496	3.636	7.085	472	-	169.730
- Provision for vacation pay liability	8.667	1.006	18.760	1.029	3.602	(225)	(6)	32.833
- Other	204.026	40.724	347.110	4.478	-	-	3	596.341

(*) Loss recognized from Anadolu Etap which is accounted through equity method amounting TRL 245.647 is recorded under 'beer' segment; loss recognized from SSDSD amounting TRL 3.357 is recorded under 'soft-drinks' segment; loss recognized from Aslancık amounting TRL 15.024, loss recognized from TOGG amounting TRL 15.593 are recorded under 'other' segment; loss recognized from LLC Faber-Castell Anadolu amounting TRL 164 is recorded under 'energy-industry' segment.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 4 - SEGMENT REPORTING (cont'd)

December 31, 2019	Beer	Soft-Drinks	Migros	Automotive	Energy&Industry	Other	Eliminations and Adjustments	Consolidated	Pro forma Consolidated with Migros (**)
Sales	10.579.488	11.720.402	22.861.065	4.114.418	1.850.123	6.273	(6.350.087)	44.781.682	51.135.173
Inter-segment sales	489.530	287.360	3.695	48.124	43.385	133.203	(1.005.297)	-	-
Total Sales	11.069.018	12.007.762	22.864.760	4.162.542	1.893.508	139.476	(7.355.384)	44.781.682	51.135.173
GROSS PROFIT(LOSS)	4.582.803	4.180.952	6.119.125	666.763	366.179	95.892	(2.335.351)	13.676.363	15.475.073
Operating expenses	(4.113.636)	(2.579.919)	(4.770.533)	(323.807)	(245.530)	(113.426)	1.638.150	(10.508.701)	(11.983.151)
Other operating income (expenses), net	272.067	(83.712)	(517.368)	(12.101)	(1.176)	52.075	89.888	(200.327)	(345.535)
Gain (loss) from the investments accounted through equity method (*)	(123.371)	(361)	-	(13.289)	(6.082)	(232.635)	-	(375.738)	(174.707)
OPERATING INCOME (LOSS)	617.863	1.516.960	831.224	317.566	113.391	(198.094)	(607.313)	2.591.597	2.971.680
Income (expense) from investing activities, net	860.962	3.009	(30.169)	995	1.541	31.665	1.024.518	1.892.521	1.887.713
Financial income (expense), net	(517.369)	(334.872)	(1.242.538)	(568.643)	(427.171)	(240.349)	615.666	(2.715.276)	(3.292.654)
INCOME (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	961.456	1.185.097	(441.483)	(250.082)	(312.239)	(406.778)	1.032.871	1.768.842	1.566.739
Tax (expense) income from continuing operations, net	(413.988)	(245.857)	(30.252)	40.972	33.290	(1.229)	99.134	(517.930)	(521.360)
NET INCOME (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	547.468	939.240	(471.735)	(209.110)	(278.949)	(408.007)	1.132.005	1.250.912	1.045.379
NET INCOME (LOSS) FOR THE PERIOD FROM DISCONTINUED OPERATIONS	-	3.006	11.065	-	-	-	(4.127)	9.944	14.073
Attributable to:									
- Non-controlling interest	(167.873)	(23.523)	142	(97)	(5.156)	-	892.494	695.987	494.583
- Equity holders of the parent	715.341	965.769	(460.812)	(209.013)	(273.793)	(408.007)	235.384	564.869	564.869
Total Assets	22.476.739	15.959.755	13.817.048	2.933.439	2.537.800	4.112.719	4.592.038	66.429.538	66.429.538
Total Liabilities	11.764.761	8.590.406	13.462.880	2.728.131	2.625.623	2.569.784	716.371	42.457.956	42.457.956
Net debt	1.825.829	2.558.672	4.489.396	1.503.414	2.070.480	2.244.056	(79.635)	14.612.212	14.612.212
Purchases of tangible & intangible assets, assets used in renting activities and investment property	1.057.586	765.987	340.861	132.920	27.468	685	(68.388)	2.257.119	2.325.507
EBITDA	1.772.238	2.278.812	2.232.299	432.815	274.471	40.337	(748.177)	6.282.795	6.924.664
- Depreciation and amortization	1.036.581	694.587	775.077	79.341	144.206	5.650	(274.197)	2.461.245	2.730.335
- Provision for employee termination benefits	14.844	38.748	92.112	7.887	10.792	286	(23.977)	140.692	164.817
- Provision for vacation pay liability	12.756	1.074	16.518	(88)	-	(140)	(25.137)	4.983	30.178
- Other	(33.177)	27.082	517.368	14.820	-	-	182.447	708.540	852.947

(*) Loss recognized from Anadolu Etap which is accounted through equity method amounting TRL 123.371 is recorded under 'beer' segment; loss recognized from SSDSD amounting TRL 361 is recorded under 'soft-drinks' segment; loss recognized from Anadolu Landini amounting TRL 13.289 is recorded under 'automotive' segment; loss recognized from Aslancık amounting TRL 16.024, loss recognized from TOGG amounting TRL 15.580 and loss recognized from Migros amounting TRL 201.031 are recorded under 'other' segment; loss recognized from LLC Faber-Castell Anadolu amounting TRL 6.082 is recorded under 'energy&industry' segment.

(**) As stated in Note 3, Migros has been recognized under the investments accounted through equity method until April, 30 2019 and as of May 1, 2019 the Group has started to fully consolidate Migros in financial statements. "Pro forma Consolidated with Migros" that is presented for indicative purposes shows fully consolidated financial results of Migros as of January 1, 2019.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 5 - CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents are as follows:

	December 31, 2020	December 31, 2019
Cash	**156.744**	97.542
Time deposit	**9.945.199**	6.854.643
Demand deposit	**1.126.161**	875.348
Credit card receivables	**1.620.979**	1.056.763
Other cash and cash equivalents (*)	**8.546**	24.544
Cash and cash equivalents in the consolidated cash flow statement	**12.857.629**	8.908.840
Expected credit loss (-)	**(1.179)**	-
Interest income accruals	**21.969**	18.847
	12.878.419	8.927.687

(*) Other liquid assets consist of cheques in collection and direct billing system (DBS) balances.

As of December 31, 2020, while annual interest rates of the TRL denominated time deposits vary between 15,00% and 20,00% (December 31, 2019: 7,60% - 14,10%), annual interest rates of the USD, EUR and other currency denominated time deposits vary between 0,01% and 8,25% (December 31, 2019: Annual interest rates of the USD, EUR and other currency denominated time deposits vary between 0,5% and 18,00%).

As of December 31, 2020, cash and cash equivalents of AGHOL amount to TRL 287.527 (December 31, 2019: TRL 199.707).

As of December 31, 2020, there is a blocked deposit of TRL 21.830 for the loans used by Çelik Motor, a subsidiary of the Group (December 31, 2019: None).

Migros, a subsidiary of the Group, transfers the cash in its stores registers to the bank on a daily basis. In accordance with the bank agreements, transferred cash amounts have temporary blockages for a certain period of time. As of December 31, 2020, a cash amount of TRL 130.290 in bank accounts is temporarily blocked due to the mentioned cash transfer (2019: TRL 135.424).

As of December 31, 2020, the Group has designated its bank deposits amounting to TRL 643.872, equivalent of USD 55.400 Thousand, EUR 20.818 Thousand and RUB 500.000 Thousand for the future raw material purchases, operational and interest expense related payments (December 31, 2019: TRL 125.789, equivalent of USD 18.992 Thousand and EUR 1.950 Thousand).

NOTE 6 - FINANCIAL INVESTMENTS

	December 31, 2020	December 31, 2019
Time deposits	**37.858**	408.248
Investment fund	**10.756**	7.623
Moneypay Ödeme ve Elektronik Para Hizmetleri A.Ş. (Moneypay)	**7.565**	1.165
Paket Lojistik ve Teknoloji A.Ş. (Paket Lojistik)	**3.250**	3.250
Other	**374**	372
	59.803	420.658

As of December 31, 2020, deposits with maturities longer than 3 months with 1 to 180 days are in USD, EUR, and KZT and interest rate for vary between 1,0%-2,5% for USD, 0,8% for EUR, 7,5% for KZT (December 31, 2019: TRL %11,40, USD 0,8%-3,0%, 1,10% for EUR, 1% for MKD and 10,00%-10,50% for KZT; maturities between 31-180 days).

Cost of Moneypay and Paket Lojistik reflect their fair values.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 7 - BORROWINGS

	December 31, 2020	December 31, 2019
Bank borrowings	**5.529.317**	3.335.175
Current portion of long term borrowings	**2.767.961**	3.270.718
Lease liabilities	**808.589**	775.461
Short term borrowings	**9.105.867**	7.381.354
Bank borrowings	**13.894.316**	13.982.755
Lease liabilities	**2.796.708**	2.591.661
Long term borrowings	**16.691.024**	16.574.416
Total borrowings	**25.796.891**	23.955.770

As of December 31, 2020 AGHOL’s total bank borrowings amount to TRL 3.041.488 (December 31, 2019: TRL 2.431.270).

Some of the Group's borrowings are subject to covenants. According to the mentioned provisions, certain performance criteria have to be fulfilled by the Group. Performance criteria have been met as of December 31, 2020 and 2019.

Lessee - Group

The properties acquired by the Group through financial leasing consist of land, buildings, machinery and equipment, motor vehicles and furniture and fixtures.

The Group does not have any property, plant and equipment through financial leasing (December 31, 2019: TRL 32.766).

The movement of bank loans as of December 31, 2020 and 2019 is as follows:

	December 31, 2020	December 31, 2019
Opening balance	**20.588.648**	15.653.706
Interest expense	**1.658.010**	1.637.385
Interest paid	**(1.622.255)**	(1.717.362)
Addition through business combination	**-**	4.915.253
Proceeds from borrowings	**12.878.459**	10.835.833
Repayments of borrowings	**(15.030.877)**	(11.922.669)
Foreign exchange (gain)/loss, net	**3.393.484**	989.357
Classification to lease liabilities item under TFRS 16	**-**	(276.679)
Recorded due to the change in consolidation scope	**123.856**	-
Currency translation differences	**143.689**	447.812
Capitalized interest	**58.580**	26.012
Closing balance	**22.191.594**	20.588.648

As of December 31, 2020, net interest expense on cross currency swap contracts is TRL 184.490 (December 31, 2019: TRL 139.377).

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 7 - BORROWINGS (cont'd)

	December 31, 2020			December 31, 2019		
Short term	**Amount**	**Fixed interest rate**	**Floating interest rate**	Amount	Fixed interest rate	Floating interest rate
Borrowing in Turkish Lira	**5.069.016**	**6,8% - 20,5%**	**Trlibor + (1,3%-4,8%), TRLref + (1,8%)**	2.767.859	10,5% - 29,0%	Trlibor + (3,5% - 4,8%)
Borrowing in foreign currency (EUR)	**1.891.231**	**1,4% - 5,1%**	**Euribor + (1,6%-5,1%)**	1.968.531	1,4% - 6,0%	Euribor + (0,7% - 5,1%)
Borrowing in foreign currency (USD)	**250.312**	**3,0% - 4,4%**	**Libor + (2,5% - 6,0%)**	1.231.838	1,5% - 6,0%	Libor + (3,9% - 6,9%)
Borrowing in foreign currency (Other)	**1.086.719**	**1,8% - 12,5%**	**Kibor + (-0,1%-0,3%)**	637.665	0,1% - 15,5%	Kibor + (0,3%)
	8.297.278			6.605.893		
Long term	**Amount**	**Fixed interest rate**	**Floating interest rate**	Amount	Fixed interest rate	Floating interest rate
Borrowing in Turkish Lira	**3.481.169**	**8,8% - 17,1%**	**Trlibor + (1,3%-4,8%), TRLref + (1,8%-3%)**	2.228.760	11,6% - 29,0%	Trlibor + (3,5% - 4,8%)
Borrowing in foreign currency (EUR)	**2.061.816**	**0,8% - 5,1%**	**Euribor + (1,6%-5,1%)**	4.737.734	1,5% - 6,0%	Euribor + (4,8% - 5,1%)
Borrowing in foreign currency (USD)	**7.877.266**	**3,4% - 4,4%**	**Libor + (2,5% - 4,4%)**	6.463.658	2,5% - 4,2%	Libor + (4,4% - 5,4%)
Borrowing in foreign currency (Other)	**474.065**	**1,8% - 11,0%**	**-**	552.603	7,9% - 11,0%	-
	13.894.316			13.982.755		
	22.191.594			20.588.648		

Repayments schedules of long-term bank loans are as follows:

	December 31, 2020	December 31, 2019
1-2 years	**6.897.290**	3.158.748
2-3 years	**2.563.307**	5.803.004
3-4 years	**3.859.660**	1.697.587
4-5 years	**307.686**	2.931.679
5 years and more	**266.373**	391.737
	13.894.316	13.982.755

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 8 - TRADE RECEIVABLES AND TRADE PAYABLES

8.1 Trade Receivables, Third Parties

	December 31, 2020	December 31, 2019
Trade receivables	**3.542.959**	3.426.085
Post-dated cheques and notes receivables	**98.438**	105.562
Less: provision for expected credit loss	**(283.274)**	(234.603)
	3.358.123	3.297.044

As of December 31, 2020, the Group has long term trade receivables from third parties amounting to TRL 1.792 (December 31, 2019: TRL 1.619).

Movement of provision for expected credit loss is as follows:

	December 31, 2020	December 31, 2019
Balance at January 1	**234.603**	127.392
Provisions (Note 26.2)	**65.511**	47.876
Reversal of provision (including collections)	**(13.039)**	(13.025)
Recorded due to business combination	**-**	66.941
Write-off from expected credit loss	**(13.061)**	(6.986)
Transfer to asset classified as held for sale	**(3.355)**	-
Currency translation differences	**12.615**	12.405
Balance at the end of the year	**283.274**	234.603

The total minimum collection of the receivables from non-cancelable operational leases of Çelik Motor and AND Anadolu Gayrimenkul, subsidiaries of the Group for subsequent periods are as follows:

	December 31, 2020	December 31, 2019
- Less than a year	**32.282**	93.018
- Between one and five years	**3.855**	5.944
	36.137	98.962

8.2 Trade Payables, Third Parties

	December 31, 2020	December 31, 2019
Short-term trade payables	**14.200.272**	11.480.457
Long-term trade payables	**49.528**	71.923
	14.249.800	11.552.380

NOTE 9 - OTHER RECEIVABLES AND PAYABLES

9.1 Other Short Term Receivables, Third Parties

	December 31, 2020	December 31, 2019
Receivables from tax office	**26.995**	31.435
Due from personnel	**42.665**	40.907
Deposits and guarantees given	**4.419**	2.266
Other	**119.347**	121.339
	193.426	195.947

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 9 - OTHER RECEIVABLES AND PAYABLES (cont'd)

9.2 Other Long Term Receivables, Third Parties

	December 31, 2020	December 31, 2019
Deposits and guarantees given	**51.209**	60.609
Other	**5.641**	3.409
	56.850	64.018

9.3 Other Short Term Payables, Third Parties

	December 31, 2020	December 31, 2019
Taxes payable	**1.324.701**	1.229.848
Deposits and guarantees taken	**516.447**	439.885
Dividends payable	**619.379**	2.031
Other	**32.663**	35.112
	2.493.190	1.706.876

As of December 31, 2020 the non-current portion of other payables to third parties consists of deposits and guarantees taken amounting TRL 36.122 (December 31, 2019: TRL 34.540).

NOTE 10 – INVENTORIES

	December 31, 2020	December 31, 2019
Raw materials	**1.329.045**	1.089.522
Work-in-process	**291.969**	254.934
Finished and trade goods	**4.589.257**	3.561.473
Packaging materials	**183.564**	176.561
Bottles and cases	**187.102**	183.087
Supplies	**229.516**	182.539
Other inventories	**524.819**	394.921
Provisions for impairment (-)	**(166.389)**	(145.012)
	7.168.883	5.698.025

The movement of provision for impairment in inventories is as follow:

	December 31, 2020	December 31, 2019
Balance at January 1	**145.012**	52.247
Provision	**71.161**	69.237
Provisions no longer required (-)	**(30.604)**	(14.137)
Recorded due to business combination	-	27.684
Inventories written-off (-)	**(24.886)**	(4.226)
Currency translation differences	**5.706**	14.207
Balance at the end of the period	**166.389**	145.012

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 11 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD

Joint Ventures

			December 31, 2020		December 31, 2019	
Entity	**Principle activities**	**Country**	**Carrying value**	**Effective shareholding and voting rights (%)**	Carrying value	Effective shareholding and voting rights (%)
Anadolu Landini Traktör Üretim ve Pazarlama A.Ş. (Anadolu Landini) (*)	Tractor production	Turkey	**-**	**-**	(2.868)	50,00
Aslancık	Production of electricity	Turkey	**(15.907)**	**33,33**	(1.882)	33,33
LLC Faber-Castell Anadolu	Trading of all kind of stationery	Russia	**-**	**28,44**	-	28,44
Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş. (Anadolu Etap)	Production and sale of fruit juice concentrate and puree and sales of fresh fruit	Turkey	**(57.241)**	**32,81**	62.013	30,87
Syrian Soft Drink Sales & Dist. LLC (SSDSD)	Distribution and sales of Coca-Cola products	Syria	**-**	**10,82**	-	10,82
Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret A.Ş. (TOGG)	Development, production and trade of all kind of electrical motor vehicles	Turkey	**140.891**	**19,00**	12.137	19,00
			67.743		69.400	

(*) Anadolu Motor acquired 100% of Anadolu Landini by taking over the remaining 50% of Anadolu Landini from its other partner, after which Anadolu Motor and Anadolu Landini were merged on June 19, 2020.

	January 1 - December 31, 2020	January 1 - December 31, 2019
Entity	**Group's interest in net income/ (loss)**	
Migros (*)	**-**	(201.031)
Anadolu Landini	**-**	(13.289)
Aslancık	**(15.024)**	(16.024)
LLC Faber-Castell Anadolu	**(164)**	(6.082)
Anadolu Etap	**(245.647)**	(123.371)
SSDSD	**(3.357)**	(361)
TOGG	**(15.593)**	(15.580)
	(279.785)	(375.738)

(*) Shares of Migros are currently quoted in BİST. It consists of the share in Migros' 4-month period profit until April 30, 2019.

Summary financial information of the Group's investment in joint venture Anadolu Landini is as follows:

	December 31, 2019
Anadolu Landini	
Total Assets	122.808
Total Liabilities	128.544
Net Assets	(5.736)
Group's share in net assets	(2.868)

	December 31, 2019
Revenue	74.136
Net loss	(26.577)
Group's share in net loss	(13.289)

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 11 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (cont'd)

Joint Ventures (cont'd)

Summary financial information of the Group's joint venture Migros is as follows:

	December 31, 2019
Revenue	22.864.760
Net loss	(460.670)
Non-controlling interests	142
Equity holders of the parent	(460.812)
Consolidation adjustments	58.750
Net loss per consolidation as of April 30, 2019	(402.062)
Group's share in net loss as of April 30, 2019	(201.031)

The movement of carrying value of the joint venture Migros in the consolidated financial statements as of December 31, 2019 is as follows:

	December 31, 2019
Balance at the beginning of the period	1.884.617
Group's share in net loss	(201.031)
Recorded due to the business combination	(1.705.328)
Group's share in currency translation differences	21.742
Balance at the end of the period	-

Summary financial information of the Group's investment in joint venture Aslancık is as follows:

	December 31, 2020	December 31, 2019
Aslancık		
Total Assets	**596.773**	590.347
Total Liabilities	**512.818**	464.369
Net Assets	**83.955**	125.978
Fair value adjustment	**(131.625)**	(131.625)
Net assets included in consolidation	**(47.670)**	(5.647)
Group's share in net assets	**(15.907)**	(1.882)

	December 31, 2020	December 31, 2019
Revenue	**154.709**	139.764
Net loss	**(45.073)**	(48.072)
Group's share in net loss of the joint venture	**(15.024)**	(16.024)

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 11 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (cont'd)

Joint Ventures (cont'd)

Summary financial information of the Group's investment in joint venture LLC Faber-Castell Anadolu is as follows:

	December 31, 2020	December 31, 2019
LLC Faber-Castell Anadolu		
Total Assets	**553**	796
Total Liabilities	**772**	1.406
Net Assets	**(219)**	(610)
Group's share in net assets (*)	**-**	-

	December 31, 2020	December 31, 2019
Revenue	**-**	3.552
Net loss	**(548)**	(12.774)
Group's share in net loss of the joint venture	**(164)**	(6.082)

(*) Group's interest in Faber Castell Anadolu LLC, a joint venture of the Group, is calculated as negative balance, therefore share in net assets of investments accounted through equity method is adjusted in an amount that make balance of Faber Castell Anadolu LLC equal to zero.

Summary financial information of the Group's investment in joint venture Anadolu Etap is as follows:

	December 31, 2020	December 31, 2019
Anadolu Etap		
Total Assets	**1.897.976**	808.983
Total Liabilities	**1.973.071**	722.494
Net Assets	**(75.095)**	86.489
Group's share in net assets (*)	**(57.241)**	62.013

	December 31, 2020	December 31, 2019
Net loss	**(322.266)**	(172.064)
Group's share in net loss of the joint venture	**(245.647)**	(123.371)

(*) Losses exceeding the Group's share in Anadolu Etap, has been continued to be accounted as "Liabilities due to Investments Accounted for Using Equity Method" in consolidated financial statements in accordance with TAS 28 regarding the Project Completion Guarantee given for the payment obligations of Anadolu Etap.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 12 - INVESTMENT PROPERTIES

	December 31, 2020	December 31, 2019
Cost		
Balance as of January 1	**476.919**	410.851
Additions	**-**	95
Disposals (-)	**(271.280)**	(32.325)
Currency translation differences	**10.104**	57.903
Transfers	**(9.259)**	8.070
Impairment	**(10.748)**	-
Recorded due to the business combination	**-**	32.325
Balance as of December 31	**195.736**	476.919
Accumulated depreciation		
Balance as of January 1	**152.850**	114.408
Depreciation charge for the period (*)	**9.062**	9.267
Disposals (-)	**(139.334)**	-
Currency translation differences	**1.679**	27.748
Transfers	**(1.661)**	1.427
Impairment	**(274)**	-
Balance as of December 31	**22.322**	152.850
Net book value	**173.414**	324.069

(*) As of December 31, 2020, TRL 5.431 (December 31, 2019: TRL 4.331) of the depreciation expenses has been added to cost of sales, TRL 3.631 (December 31, 2019: TRL 4.936) of the depreciation expenses has been added to other expenses.

As at December 31, 2020 there are mortgages on investment property amounting TRL 818.015 (December 31, 2019: TRL 659.954) for the loans that AND Anadolu Gayrimenkul, the subsidiary of the Group, has borrowed. The GPM position table of the "Commitments" note includes this amount (Note 18).

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 13 - PROPERTY, PLANT AND EQUIPMENT (PP&E)

Movements of property, plant and equipment for the year ended on December 31, 2020 are as follows:

	Land and land improvements	Buildings	Machinery and equipment	Motor vehicles	Furniture and fixtures	Other tangible assets	Leasehold improvements	Construction in progress	Total
Cost									
January 1, 2020	1.698.700	6.047.391	12.621.552	296.581	2.588.730	3.965.623	1.081.944	617.234	28.917.755
Additions	1.566	7.999	412.490	11.864	352.068	293.516	84.689	1.018.710	2.182.902
Recorded due to change in consolidation scope	-	-	8.844	1.522	133	-	-	42	10.541
Disposals (-)	(442.980)	(557.150)	(319.107)	(24.274)	(572.613)	(419.068)	(13.050)	(9.867)	(2.358.109)
Currency translation differences	59.305	458.997	916.843	35.485	36.753	332.394	13.237	75.194	1.928.208
Transfers (*)	(127.631)	97.733	398.534	13.069	(20.887)	286.823	(9.688)	(952.041)	(314.088)
Impairment	-	-	-	-	-	-	(10.768)	-	(10.768)
December 31, 2020	1.188.960	6.054.970	14.039.156	334.247	2.384.184	4.459.288	1.146.364	749.272	30.356.441
Accumulated depreciation									
January 1, 2020	134.278	1.240.940	6.341.169	168.250	1.716.989	2.167.307	571.584	33.653	12.374.170
Depreciation charge for the period (**)	15.154	196.830	1.012.580	34.123	251.335	608.898	80.514	-	2.199.434
Recorded due to change in consolidation scope	-	-	2.215	60	50	-	-	-	2.325
Disposals (-)	(18.324)	(57.756)	(286.697)	(17.846)	(547.749)	(372.464)	(9.769)	-	(1.310.605)
Currency translation differences	6.648	129.549	428.892	21.534	27.477	205.177	2.834	-	822.111
Transfers (*)	(527)	(11.089)	(26.344)	(2.423)	(59.126)	911	(5.715)	-	(104.313)
Impairment / (impairment reversal), net	-	12.085	(19.246)	99	3.510	13.147	(6.658)	-	2.937
December 31, 2020	137.229	1.510.559	7.452.569	203.797	1.392.486	2.622.976	632.790	33.653	13.986.059
Net carrying amount	1.051.731	4.544.411	6.586.587	130.450	991.698	1.836.312	513.574	715.619	16.370.382

(*) TRL 34.214 of PP&E is transferred to other intangible assets, TRL 7.598 of PP&E is transferred to investment properties, TRL 174.004 of PP&E is transferred to assets held for sale and TRL 6.041 of PP&E is transferred from inventories to tangible assets.

(**) Distribution of the depreciation charge for the period is given in Note 25. The current period depreciation, includes depreciation of Ramstore Macedonia DOO amounting to TRL 9.000.

As at December 31, 2020, there are mortgages on PP&E amounting TRL 148.847 (December 31, 2019: TRL 123.699) for the loans that CCİ and GUE, the Group's subsidiaries borrowed. As at December 31, 2020, TRL 542.849 of the PP&E is pledged (December 31, 2019: TRL 521.976) for the loans that GUE, the Group's subsidiary borrowed. The GPM position table of the "Commitments" note includes this amount (Note 18). The Group does not have any sales and lease back contracts as of December 31, 2020 (December 31, 2019: TRL 32.016).

CCI, the subsidiary of the Group, has made significant assumptions over the useful life of spare parts for machinery and equipment based on the expertise of the technical departments. Group has made an estimation change in useful life assumption in 2020 and decreased 20 years useful life assumption for spare parts to 10 years. This estimation change does not require any retrospective application on the financial statements and effect on current period depreciation is TRL 121.503 as expense.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 13 - PROPERTY, PLANT AND EQUIPMENT (PP&E) (cont'd)

Movements of property, plant and equipment for the year ended on December 31, 2019 are as follows:

	Land and land improvements	Buildings	Machinery and equipment	Motor vehicles	Furniture and fixtures	Other tangible assets	Leasehold improvements	Construction in progress	Total
Cost									
January 1, 2019	802.465	4.086.837	10.082.145	241.907	1.553.979	2.873.073	182.394	526.981	20.349.781
Additions	3.024	43.900	293.848	23.237	237.670	271.884	52.329	1.085.205	2.011.097
Recorded due to the business combination	1.030.020	1.448.203	1.196.775	6.667	807.248	-	849.951	42.755	5.381.619
Disposals (-)	(210.450)	(200.073)	(170.447)	(50.976)	(54.619)	(386.497)	(6.041)	(2.207)	(1.081.310)
Currency translation differences	58.058	498.678	1.323.695	31.855	20.212	322.982	(2.157)	95.029	2.348.352
Transfers (*)	15.583	169.846	(104.464)	43.891	24.240	884.181	14.237	(1.130.529)	(83.015)
Impairment	-	-	-	-	-	-	(8.769)	-	(8.769)
December 31, 2019	1.698.700	6.047.391	12.621.552	296.581	2.588.730	3.965.623	1.081.944	617.234	28.917.755
Accumulated depreciation									
January 1, 2019	129.928	958.590	4.761.117	135.695	1.057.100	1.462.140	103.575	2.721	8.610.866
Depreciation charge for the period (**)	21.822	147.815	810.270	30.437	219.932	542.675	57.950	-	1.830.901
Recorded due to the business combination	-	48.867	625.123	1.895	476.919	-	420.733	-	1.573.537
Disposals (-)	(23.154)	(49.884)	(124.473)	(36.195)	(54.380)	(343.621)	(4.714)	-	(636.421)
Currency translation differences	17.020	109.715	664.382	21.048	9.594	163.690	157	-	985.606
Transfers (*)	(11.338)	25.837	(395.145)	15.370	7.824	336.386	-	-	(21.066)
Impairment / (impairment reversal), net	-	-	(105)	-	-	6.037	(6.117)	30.932	30.747
December 31, 2019	134.278	1.240.940	6.341.169	168.250	1.716.989	2.167.307	571.584	33.653	12.374.170
Net carrying amount	1.564.422	4.806.451	6.280.383	128.331	871.741	1.798.316	510.360	583.581	16.543.585

(*) TRL 90.423 of PP&E is transferred to other intangible assets, TRL 6.643 of PP&E is transferred to investment properties and TRL 35.117 of PP&E is transferred from inventories to tangible assets.
(**) Distribution of the depreciation charge for the period is given in Note 25.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 14 - RIGHT OF USE ASSET

The Group has adopted the TFRS 16 "Leases" as of January 1, 2019 for the first time. Right of use assets and receivables from subleases are measured at an amount equal to lease liability adjusted by the amount of any prepaid or accrued lease payments for lease liabilities which had previously been classified as "operating leases" under the principles of TAS 17 in the consolidated financial statements.

For the year ended on December 31, 2020 and 2019, movement of right of use asset is as follows:

	January 1, 2020	Additions	Disposals	Currency translation differences	Changes in leasing	December 31, 2020
Land	**40.525**	**7.126**	**(7.373)**	**1.735**	**544**	**42.557**
Buildings	**3.418.178**	**1.027.860**	**(27.886)**	**26.494**	**1.583**	**4.446.229**
Machinery and equipment	**32.560**	**30.533**	**(22.160)**	**310**	**-**	**41.243**
Vehicles	**150.631**	**21.725**	**(7.357)**	**2.930**	**-**	**167.929**
Furniture and fixture	**5.163**	**2.160**	**(3.357)**	**69**	**-**	**4.035**
Other	**2.845**	**-**	**-**	**447**	**-**	**3.292**
Cost	**3.649.902**	**1.089.404**	**(68.133)**	**31.985**	**2.127**	**4.705.285**
Land	**6.122**	**2.520**	**(492)**	**261**	**-**	**8.411**
Buildings	**562.226**	**652.466**	**(13.430)**	**16.168**	**-**	**1.217.430**
Machinery and equipment	**9.962**	**10.725**	**(7.690)**	**82**	**-**	**13.079**
Vehicles	**10.294**	**64.433**	**(3.325)**	**1.336**	**-**	**72.738**
Furniture and fixture	**1.722**	**3.347**	**(3.357)**	**-**	**-**	**1.712**
Other	**815**	**905**	**-**	**180**	**-**	**1.900**
Accumulated depreciation	**591.141**	**734.396**	**(28.294)**	**18.027**	**-**	**1.315.270**
Net carrying amount	**3.058.761**					**3.390.015**

	January 1, 2019	Additions	Disposals	Currency translation differences	Transfers	December 31, 2019
Land	26.965	5.596	-	7.964	-	40.525
Buildings	588.750	56.445	(326.180)	15.610	3.083.553	3.418.178
Machinery and equipment	12.649	17.958	(25)	1.978	-	32.560
Vehicles	14.090	173.179	(38.343)	1.705	-	150.631
Furniture and fixture	5.922	203	(1.054)	92	-	5.163
Other	614	2.203	-	28	-	2.845
Cost	648.990	255.584	(365.602)	27.377	3.083.553	3.649.902
Land	-	5.578	-	544	-	6.122
Buildings	-	400.350	(16.248)	2.544	175.580	562.226
Machinery and equipment	-	9.683	(25)	304	-	9.962
Vehicles	-	37.295	(27.541)	540	-	10.294
Furniture and fixture	-	2.745	(1.054)	31	-	1.722
Other	-	807	-	8	-	815
Accumulated depreciation	-	456.458	(44.868)	3.971	175.580	591.141
Net carrying amount	648.990					3.058.761

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 15 - INTANGIBLE ASSETS

15.1 Other Intangible Assets

Movements of intangible assets for the year ended on December 31, 2020 are as follows:

	Bottling contracts	License agreements	Brands	Other intangible assets	Total
Cost					
January 1, 2020	**9.803.808**	**5.830.842**	**985.161**	**1.465.488**	**18.085.299**
Additions	**-**	**-**	**-**	**247.302**	**247.302**
Recorded due to change in consolidation scope	**-**	**-**	**-**	**775**	**775**
Disposals (-)	**-**	**-**	**-**	**(15.600)**	**(15.600)**
Currency translation differences	**613.993**	**198.182**	**58.350**	**16.340**	**886.865**
Transfers (*)	**-**	**-**	**-**	**28.271**	**28.271**
December 31, 2020	**10.417.801**	**6.029.024**	**1.043.511**	**1.742.576**	**19.232.912**
Accumulated amortization/impairment					
January 1, 2020	**-**	**375.207**	**125.045**	**796.012**	**1.296.264**
Amortization charge for the period (**)	**-**	**-**	**-**	**207.810**	**207.810**
Recorded due to change in consolidation scope	**-**	**-**	**-**	**320**	**320**
Disposals (-)	**-**	**-**	**-**	**(13.121)**	**(13.121)**
Currency translation differences	**-**	**11.711**	**27.500**	**10.468**	**49.679**
Transfers (*)	**-**	**-**	**-**	**(3.716)**	**(3.716)**
December 31, 2020	**-**	**386.918**	**152.545**	**997.773**	**1.537.236**
Net carrying amount	**10.417.801**	**5.642.106**	**890.966**	**744.803**	**17.695.676**

(*) TRL 34.214 of PP&E is transferred to other intangible assets, TRL 2.227 of intangible assets is transferred to assets held for sale.
(**) Distribution of the amortization for the period is given in Note 25.

Movements of intangible assets for the year ended on December 31, 2019 are as follows:

	Bottling contracts	License agreements	Brands	Other intangible assets	Total
Cost					
January 1, 2019	9.226.672	4.667.182	713.818	601.003	15.208.675
Additions	-	-	-	207.047	207.047
Recorded due to the business combination change	-	-	116.411	616.363	732.774
Disposals (-)	-	-	-	(98.158)	(98.158)
Currency translation differences	577.136	1.163.660	154.932	48.810	1.944.538
Transfers (*)	-	-	-	90.423	90.423
December 31, 2019	9.803.808	5.830.842	985.161	1.465.488	18.085.299
Accumulated amortization/impairment					
January 1, 2019	-	308.509	111.704	298.090	718.303
Amortization charge for the period (**)	-	34	-	138.036	138.070
Recorded due to the business combination change	-	-	-	422.497	422.497
Disposals (-)	-	-	-	(86.196)	(86.196)
Currency translation differences	-	2.257	13.341	23.585	39.183
Impairment	-	64.407	-	-	64.407
December 31, 2019	-	375.207	125.045	796.012	1.296.264
Net carrying amount	9.803.808	5.455.635	860.116	669.476	16.789.035

(*) TRL 90.423 of PP&E is transferred to other intangible assets.
(**) Distribution of the amortization for the period is given in Note 25.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 15 - INTANGIBLE ASSETS (cont'd)

15.2 Goodwill

Movements of the goodwill for the years ended December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
At January 1	**6.934.409**	2.607.085
Recorded due to business combination (Note 3) (*)	**-**	3.718.968
Impairment (Note 27.2)	**-**	(3.369)
Currency translation differences	**77.899**	611.725
Balance at the end of the period	**7.012.308**	6.934.409

(*) As of December 31, 2019, the amount has been recorded as a result of the full consolidation of Migros as of May 1, 2019. The balance is total of goodwill amounting to TRL 1.565 in the financial statement of Migros and as stated in Note 3 goodwill amounting to TRL 3.717.403 which is recognized as a result of defining Migros as a subsidiary as of April 30, 2019.

As of December 31, 2020 and 2019, operating segment distributions of goodwill are presented below:

	Migros	**Beverage**	**Automotive**	**Total**
2020	**3.718.968**	**3.290.279**	**3.061**	**7.012.308**
2019	3.718.968	3.212.380	3.061	6.934.409

NOTE 16 - GOVERNMENT INCENTIVES AND GRANTS

As of December 31, 2020, total investments made for the Group's subsidiary CCİ's Bursa, Elazığ, Köyceğiz, Çorlu, Ankara, Mersin, İzmir, Isparta and Mahmudiye production line investments under the scope of investment incentives are amounting to TRL 293.938 (December 31, 2019: TRL 259.308) with a total tax advantage of TRL 89.705 (December 31, 2019: TRL 72.855). Tax advantage calculated from the beginning date of the incentives by considering the future advantages is amounting to TRL 3.716 (December 31, 2019: TRL 2.392).

On September 3, 2020 the Coca Cola Almaty Bottlers (Company), opened a revolving credit line amounting kKZT 10.000.000 with an interest rate level of 15% per annum in SB Sberbank of Russia JSC. The Company signed the subsidy agreements with the Bank and Damu for each subsidizing tranche of loan. Part of the interest rate on the loan in the amount of 15% per annum is subject to subsidizing, while part of the interest rate in the amount of 9% per annum is paid by the DAMU, which is owned by Kazakhstan government, and the rest of the interest is paid by Coca-Cola Almaty Bottlers, in accordance with the repayment schedule to the Subsidy Agreement.

The cash support collected from TUBİTAK in 2020 regarding the R&D activities of Anadolu Isuzu, the subsidiary of the Group, is TRL 3.215 (December 31, 2019: TRL 544). As of December 31, 2020, Anadolu Isuzu's R&D discount amount due to expenses related to R&D activities to be used for tax calculation is TRL 252.043. As per amendment made in Article 35 of the Law on Supporting Research and Development No. 5746 which became effective on April 1, 2008, R&D deduction rate from which will be benefited for the expenses of R&D has been increased from 40% to 100% (December 31, 2019: TRL 183.309). In order to benefit from the incentives and exemptions provided in line with the Law No. 5746, Anadolu Isuzu applied to the Ministry of Industry and Commerce to become an R&D center. On June 3, 2009, Anadolu Isuzu was entitled to become an R&D center.

The construction of the new factory building, into which Anadolu Motor, a subsidiary of the Group moved to in 2014 and TRL 31.886 of the property, plant and equipment investments are within the scope of the investment communiqué published by the T.C. Ministry of Economy and the investment contribution rate in the investment incentive certificate is 15%. Anadolu Motor deducted TRL 5.657 of the related incentive from the corporation tax, calculated deferred tax asset amounting TRL 3.934 over the remaining TRL 26.229 and the related investment incentive does not expire (December 31, 2019: TRL 26.229, deferred tax: TRL 3.934).

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

17.1 Employee Benefits Obligations

	December 31, 2020	December 31, 2019
Social security and withholding tax liabilities	**166.271**	119.639
Payables to personnel	**280.803**	139.351
	447.074	258.990

17.2 Short Term Provision for Employee Benefits

The provisions for employee benefits as of December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
Short-term	**330.617**	291.061
Provision for bonus	**69.425**	66.519
Provision for vacation pay liability	**212.112**	193.661
Other short-term employee benefits	**47.942**	30.881
Provision for employee termination benefits	**1.138**	-
Long-term	**558.357**	454.726
Provision for employee termination benefits	**545.499**	443.918
Provision for incentive plan	**12.858**	10.808
	888.974	745.787

The movement of provision for employment termination benefits is as follows:

	December 31, 2020	December 31, 2019
Balance at January 1	**443.918**	182.724
Interest expense	**30.811**	18.694
Charge for the period (net)	**143.081**	120.353
Payments (-)	**(73.904)**	(59.180)
Actuarial losses	**1.323**	22.506
Recorded due to business combination	**-**	157.916
Currency translation differences	**1.408**	905
Balance at the end of the period	**546.637**	443.918

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

17.2 Short Term Provision for Employee Benefits (cont'd)

The movement of provision for incentive plan is as follows:

	December 31, 2020	December 31, 2019
Balance at January 1	**10.808**	10.288
Interest expense	**353**	337
Charge for the period (net)	**18.438**	13.180
Payments (-)	**(16.842)**	(12.817)
Actuarial losses / (gains)	**101**	(180)
Balance at the end of the period	**12.858**	10.808

Actuarial loss from defined benefit plans, included in other short-term employee benefits and provision for employee termination benefits, amounting to TRL 3.169 was reflected to consolidated statements of other comprehensive income (December 31, 2019: TRL 22.538).

Provision for Employee Termination Benefits

In accordance with the existing social legislation, the Group is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are calculated on the basis of 30 days' pay (limited to a maximum of TRL 7,117/year at December 31, 2020 and TRL 6,380/year December 31, 2019) per year of employment at the rate of pay applicable at the date of retirement or termination.

In the consolidated financial statements as of December 31, 2020 and 2019 their experience of personnel terminating their services and being eligible to receive retirement pay and discounted by using the current market yield at the balance sheet date on government bonds. As of December 31, 2020 discount rate (yearly) used in calculations is between 3,01%-4,15% (December 31, 2019: 3,72%-4,21%).

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised once every six months, the maximum amount of TRL 7,638 effective from January 1, 2020 (January 1, 2020: TRL 6,730) has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

17.3 Other Provisions

The provisions as of December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
Provision for litigations	**116.005**	95.269
Warranty provisions (*)	**15.199**	13.223
Other provisions	**53.388**	70.779
	184.592	179.271

(*) Warranty provisions are resulting from sales of Anadolu Motor and Anadolu Isuzu which are subsidiaries of the Company. Çelik Motor a subsidiary of the Company has the right of recourse the compensation payments of imported vehicles under warranty to the manufacturer company, therefore no warranty provision is recorded.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

17.3 Other Provisions (cont'd)

The movement of warranty provision is as follows:

	December 31, 2020	December 31, 2019
Balance at January 1	**13.223**	11.434
Charge for the period (net)	**16.897**	17.818
Payments (-)	**(14.921)**	(16.029)
Balance at the end of the period	**15.199**	13.223

NOTE 18 - COMMITMENTS

As of December 31, 2020 and December 31, 2019 letter of guarantees, pledges and mortgages (GPMs) are as follows:

December 31, 2020	**Total TRL Equivalent**	**Original Currency TRL**	**Original Currency Thousand USD**	**Original Currency Thousand EUR**	**Original Currency Thousand RUR**	**Original Currency Thousand UAH**	**Original Currency Thousand PKR**	**TRL Equivalent of Other Currency**
Letter of guarantees, pledge and mortgages provided by the Company								
A. Total amount of GPMs given on behalf of the Company's legal personality	**2.683.341**	**1.011.575**	**154.379**	**41.368**	**-**	**31.385**	**2.809.340**	**28.752**
B. Total amount of GPMs given in favor of subsidiaries included in full consolidation	1.641.796	386.800	22.853	53.580	-	1.103.328	3.034.852	178.801
C. Total amount of GPMs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	-	-	-	-	-	-	-	-
D. Total amount of other GPM's	884.125	24.649	20.841	78.431	-	-	-	-
i. Total amount of GPMs given in favor of the parent Company	-	-	-	-	-	-	-	-
ii. Total amount of GPMs given in favor of other group companies not in the scope of B and C above	884.125	24.649	20.841	78.431	-	-	-	-
iii. Total amount of GPMs given in favor of third party companies not in the scope of C above	-	-	-	-	-	-	-	-
	5.209.262	1.423.024	198.073	173.379	-	1.134.713	5.844.192	207.553

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 18 – COMMITMENTS (cont'd)

December 31, 2019	Total TRL Equivalent	Original Currency TRL	Original Currency Thousand USD	Original Currency Thousand EUR	Original Currency Thousand RUR	Original Currency Thousand UAH	Original Currency Thousand PKR	TRL Equivalent of Other Currency
Letter of guarantees, pledge and mortgages provided by the Company								
A. Total amount of GPMs given on behalf of the Company's legal personality	2.167.768	631.199	177.149	52.320	-	52.216	2.667.000	20.916
B. Total amount of GPMs given in favor of subsidiaries included in full consolidation	865.222	-	79.527	48.182	-	-	1.376.939	19.563
C. Total amount of GPMs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	-	-	-	-	-	-	-	-
D. Total amount of other GPM's	206.929	19.457	23.163	7.500	-	-	-	-
i. Total amount of GPMs given in favor of the parent Company	-	-	-	-	-	-	-	-
ii. Total amount of GPMs given in favor of other group companies not in the scope of B and C above	206.929	19.457	23.163	7.500	-	-	-	-
iii. Total amount of GPMs given in favor of third party companies not in the scope of C above	-	-	-	-	-	-	-	-
	3.239.919	650.656	279.839	108.002	-	52.216	4.043.939	40.479

As of December 31, 2020, the ratio of other GPMs over the Group's equity is 3,6% (December 31, 2019: 0,9%).

CCBPL, a subsidiary of the Group has signed murabaha facility agreements with Standard Chartered Bank and Habib Bank Limited (Banks). Based on these agreements, the Banks and CCBPL agree that they shall enter into a series of sugar purchase transactions from time to time on the dates and in the amounts to be agreed between them subject to the terms of this agreement. As of December 31, 2020, CCBPL has USD 2,8 Million sugar purchase until the end of June 2021 and USD 0,8 Million sugar purchase until the end of September 2021 commitment to the Banks.

The tax authority and other authorities (Social Security Institution) can inspect tax returns and the related accounting records for a retrospective maximum period of five years. Group has not provided any tax provision regarding prior years.

Legislation and regulations regarding taxation and foreign currency transactions in most of the territories in which the Group operates out of Turkey continue to evolve as a result of the transformation from command to market oriented economy managed by the government. The various legislation and regulations are not always clearly written and the interpretation related with the implementation of these regulations is subject to the opinions of the local, regional and national tax authorities, Central Banks and Ministries of Finance. Tax declarations, together with other legal compliance areas (i.e., customs and currency control) are subject to review and investigation by a number of authorities, who are enabled by law to impose significant fines, penalties and interest charges. These facts may create tax risks in the territories in which the Group operates substantially more so than typically found in countries with more developed tax systems.

GUE, which is a subsidiary of the Group, has a guarantor for the long term loan for construction of a hydroelectric power plant with a capacity of 87 MW in Georgia for the period until start of electricity production following the fulfillment of specified conditions. As of December 31, 2020, the remaining amount of the related loan is USD 90.160 Thousand.

The Company, has acted as a guarantor in the proportion of its capital (33,33%), to its joint venture Aslancık's long term project finance loan which was taken in 2011 amounting to USD 160.000.000 in relation to its 120 MW hydro power plant under construction in Giresun. As of December 31, 2020, the balance of the loan is USD 47.029 Thousand and the warranty per the Group is USD 15.676 Thousand (December 31, 2019: USD 17.427 Thousand). The Company, has acted as a guarantor in the proportion of its capital to Aslancık's loan amounting to USD 15.493 Thousand, the warranty per the Group is USD 5.164 Thousand.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 18 – COMMITMENTS (cont'd)

The Company has given a guarantee for interest payments until the end of 2021, and for principal and interest payments since 2022, of the loan of Çelik Motor, the subsidiary of the Group, amounting to TRL 600.000 with a maturity of January 2025 in September 2020, as of December 31, 2020, the remaining amount of the related loan is TRL 386.800. In addition, within the scope of the loan provided, all shares of Çelik Motor owned by the Company have been pledged.

As of December 31, 2020 the obligation of TRL 17.324 results from the buying option carried, for the purchase of 12,5% of Turkmenistan CC shares from Day Investment Ltd., with a consideration of USD 2.360 Thousand amount is converted with the official USD purchase rate announced by Central Bank of Republic of Turkey and resulting TRL 17.324 is reflected under other current liabilities (December 31, 2019: TRL 14.019).

According to the put option signed with European Refreshments ("ER"), which became effective after the completion of Al Waha acquisition and exercisable between December 31, 2016 and 2021, ER has an option to sell (and CCİ will have an obligation to buy) its remaining 19,97% (December 31, 2019: 19,97%) participatory shares in Waha B.V. This obligation is recorded as put option liability in the Group's consolidated financial statements. Based on the contract, fair value of the put option liability amounting to TRL 313.961 is calculated using the following period financial budget estimation for earnings before interest and tax, by using the conditions underlined in the contract (December 31, 2019: TRL 209.204).

Kartal Gayrimenkul, the subsidiary of the Group, in accordance with the contract terms based on the guarantorship agreements and in the case of the customer does not make loan payments on time, commits to pay the unpaid installments to the bank and all other installments that have not become due yet with its interest and expenses. The total limit committed by Kartal Gayrimenkul, the subsidiary of the Group, in guarantorship agreements amounts to TRL 249.000. As of December 31, 2020, there are no defaulting installments (December 31, 2019: None).

In line with Kartal Gayrimenkul's preliminary sales contract regarding AND Pastel housing project started in İstanbul Province Kartal District; if Kartal Gayrimenkul is late upon delivery of the relevant real estate, if the delay exceeds the expected due date by 180 days then Kartal Gayrimenkul is obliged to pay the monthly delay penalty of 0,1% of the price paid by the buyer in accordance with the contract until then. This obligation is valid except the force majeure. As of December 31, 2020, Kartal Gayrimenkul has paid penalty of TRL 286 for delay (December 31, 2019: TRL 859).

NOTE 19 - PREPAID EXPENSES

19.1 Short-term Prepaid Expenses

	December 31, 2020	December 31, 2019
Prepaid expenses	**552.115**	567.316
Advances given	**315.343**	190.974
	867.458	758.290

19.2 Long-term Prepaid Expenses

	December 31, 2020	December 31, 2019
Prepaid expenses	**499.437**	401.633
Advances given	**20.437**	10.540
	519.874	412.173

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 20 - OTHER ASSETS AND LIABILITIES

20.1 Other Current Assets

	December 31, 2020	December 31, 2019
Deferred VAT and other taxes	**446.931**	426.420
Assets used in renting activities	**188.229**	226.107
VAT receivable	**68.480**	147.745
Restricted cash	**34.423**	12.619
Other current assets	**94.721**	49.497
	832.784	862.388

20.2 Other Non-Current Assets

	December 31, 2020	December 31, 2019
Assets used in renting activities	**118.423**	639.710
VAT receivable and other taxes	**15.584**	14.976
Other non-current assets	**158**	49.876
	134.165	704.562

Movements of assets used in renting activities for the year ended December 31, 2020 and 2019 are as follows:

Assets Used in Renting Activities

	December 31, 2020	December 31, 2019
Cost		
Balance at January 1	**865.817**	1.631.051
Additions	**1.883**	38.880
Disposals	**(690.786)**	(898.075)
Depreciation charge for the period (*)	**(9.156)**	(33.071)
Revaluation increases	**138.894**	127.032
Balance at the end of the period	**306.652**	865.817

(*) All depreciation charges are included in the cost of sales.

As of December 31, 2020, all of the assets used in the leasing activity have been pledged for the loans taken by Çelik Motor, a subsidiary of the Group (December 31, 2019: None).

20.3 Other Current Liabilities

	December 31, 2020	December 31, 2019
Put option liability (Note 18)	**331.285**	14.019
Other payables	**104.432**	58.898
Deferred VAT and other taxes	**68.025**	148.153
	503.742	221.070

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 20 - OTHER ASSETS AND LIABILITIES (cont'd)

20.4 Other Non-Current Liabilities

	December 31, 2020	December 31, 2019
Deferred VAT and other taxes	**500**	500
Put option liability (Note 18)	**-**	209.204
Other	**2.784**	19.720
	3.284	229.424

NOTE 21 - DEFERRED INCOME

21.1 Short-term Deferred Income

	December 31, 2020	December 31, 2019
Advances taken	**227.786**	151.959
Other deferred income	**161.918**	113.005
	389.704	264.964

21.2 Long-term Deferred Income

	December 31, 2020	December 31, 2019
Other deferred income	**61.942**	18.051
	61.942	18.051

NOTE 22 - EQUITY

Share Capital / Adjustments to Share Capital and Equity Instruments

As of December 31, 2020 and 2019 the Company's shareholders and their respective shareholding percentages are stated in Note 1 - Organization and Nature of Activities of the Group.

Movements of paid capital for the year ended December 31, 2020 and 2019 are as follows (the amounts are historical):

	December 31, 2020		December 31, 2019	
	Number of shares	**Amount**	Number of shares	Amount
Balance at the beginning of the period	**243.534.518**	**243.535**	243.534.518	243.535
Balance at the end of the period	**243.534.518**	**243.535**	243.534.518	243.535

AGHOL's common shares are divided into two classes as A and B with each class of shares having equal voting rights on all matters except for the privilege to nominate 6 of the 12 members of the Board of Directors recognized for Class B. Class B consists of registered shares and are owned by AG Sınai Yatırım ve Yönetim A.Ş. Class A shares are all bearer type shares; belonging to AG Sınai Yatırım ve Yönetim A.Ş. and also Yazıcılar Families, Özilhan Families and publicly traded shares are included in Class A.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 22 - EQUITY (cont'd)

Share Capital / Adjustments to Share Capital and Equity Instruments (cont'd)

AG Sınai Yatırım ve Yönetim A.Ş. (Management Company) which is an associate of İzzet Türkan Özilhan Yönetim ve Danışmanlık A.Ş. and Kamil Yazıcı Yönetim ve Danışma A.Ş. by 50% share each is a management company established to manage AGHOL and the subsidiaries of AGHOL. AG Sınai Yatırım ve Yönetim A.Ş. is indirectly managed by S. Kamil Yazıcı Family and İzzet Özilhan Family through equal shareholding and equal representation principle.

Class	Number of shares	Percentage of capital (%)	Number of members on Board
A (Bearer)	194.827.614	80,00	-
B (Registered)	48.706.904	20,00	6
	243.534.518	**100,00**	

Restricted Reserves Allocated from Net Profit, Revaluation and Reclassification Loss / Gain

The legal reserves consist of first and second legal reserves in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory net income (inflation-restated income in accordance with CMB at the rate of 5%, until the total reserve reaches a maximum of 20% of the Company's issued capital (inflation restated issued capital in accordance with the communiqués and announcements of CMB). The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's issued capital (inflation restated capital in accordance with CMB). The legal reserves are not available for distribution unless they exceed 50% of the issued capital, other than that legal reserves cannot be used.

Quoted companies are subject to dividend requirements regulated by the CMB's Dividend Communique No II-19.1 which was effective as of February 1, 2014. Based on the CMB Decree 1/6, dated January 9, 2009, companies that take their consolidated financial statements as basis for their distributable profit, shall consider the profits of their subsidiaries, joint ventures and associates to the extent that such profits do not exceed the amount recorded in the statutory financial statements of these companies and without considering whether a profit distribution resolution is taken at their annual general meetings. Such profits as reported in the financial statement as per Communiqué shall be subject to distributable dividend computations.

Companies distribute dividend within the framework of profit distribution policies determined by the general assemblies and in accordance with the related legislation by the decision of the general assembly. Companies pay dividends specified in their articles of incorporation or profit distribution policies.

Dividend distribution of companies has been regulated until December 31, 2020 with the provisional Article 12 of Law on Mitigating of Effects of Coronavirus (Covid-19) Outbreak on Economic and Social Life and the Law on Amendment of Certain Laws (the Law) dated April 17, 2020, and numbered 7244. The implementation period regarding the regulation has been extended until December 31, 2020 with the Presidential Decree No. 2948. According to this regulation, only up to twenty-five percent of the net profit of fiscal year 2019 can be distributed, previous years' profits and free reserve funds cannot be subjected to the distribution of dividend and the board of directors cannot be authorized to distribute advance dividends by general assembly.

Inflation adjustment to shareholders' equity can only be netted-off against prior years' losses and used as an internal source in capital increase where extraordinary reserves can be netted-off against prior years' loss and used in the distribution of bonus shares and dividends to shareholders. Inflation adjustment to shareholders' equity, in the case of cash used for profit distribution will be subject to corporate income tax.

The amount of other resources which may be subject to dividend distribution in the Company's legal records for 2020 is TRL 1.941.739.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 22 – EQUITY (cont'd)

Restricted Reserves Allocated from Net Profit, Revaluation and Reclassification Gain/Loss (cont'd)

	December 31, 2020	December 31, 2019
Restricted reserves allocated from net profit	**638.852**	615.970
- Legal reserves	**89.844**	89.844
- Gain on sales of real estate and associates (*)	**549.008**	526.126

(*) The Group's gain from sale of real estate and associates amounting TRL 549.008 is followed in a special fund in legal records in order to benefit from gain from sale of an associate and real estate exemption. In order to benefit from this exemption, this amount has to be stay in this special fund for 5 years.

Retained Earnings

As of December 31, 2020 and 2019 the summary of equity reserves, extraordinary reserves, other profit reserves and retained earnings are as follows:

	December 31, 2020	December 31, 2019
Equity reserves	**2.422**	2.422
Extraordinary reserves	**1.920.049**	1.918.608
Other profit reserves	**5.119**	5.119
Prior years' profits or (losses)	**958.407**	(72.026)
	2.885.997	1.854.123

Non-Controlling Interest

Non-controlling interests are separately classified in the consolidated financial statements.

NOTE 23 - SALES AND COST OF SALES

	December 31, 2020	December 31, 2019
Domestic revenues	**43.070.615**	27.271.889
Foreign revenues	**19.040.697**	17.509.793
Total sales, net	**62.111.312**	44.781.682
Cost of Sales (-)		
Current year purchases and net change in inventory	**37.211.703**	26.561.130
Depreciation and amortization (*)	**1.412.126**	1.192.159
Personnel expenses	**1.376.723**	1.151.281
Utilities and communication expenses	**669.509**	582.057
Other expenses	**2.689.220**	1.618.692
Total Cost of Sales	**43.359.281**	31.105.319
Gross Profit	**18.752.031**	13.676.363

(*) Depreciation and amortization expenses consist of depreciation and amortization expenses that belong to tangible and intangible assets, assets used in renting activities and right of use assets .

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 24 - OPERATING EXPENSES

	December 31, 2020	December 31, 2019
General administrative expenses		
Personnel expenses	**1.533.376**	1.134.198
Consultancy and services rendered expenses	**449.234**	389.134
Depreciation and amortization (*)	**249.085**	192.479
Taxes and duties	**51.969**	61.578
Utilities and communication expenses	**41.614**	40.766
Rent expenses	**38.874**	50.136
Insurance expenses	**25.475**	21.214
Maintenance and repair expenses	**25.120**	19.224
Other expenses	**356.979**	321.155
	2.771.726	2.229.884

	December 31, 2020	December 31, 2019
Marketing expenses		
Personnel expenses	**3.919.574**	2.360.885
Transportation and distribution expenses	**1.827.122**	1.689.790
Advertisement and promotion expenses	**1.594.251**	1.538.124
Depreciation and amortization (*)	**1.476.831**	1.069.545
Rent expenses	**603.386**	378.587
Utilities and communication expenses	**415.628**	312.482
Repair and maintenance expenses	**142.299**	109.549
Other expenses	**1.183.803**	815.066
	11.162.894	8.274.028

(*) Depreciation and amortization expenses consist of depreciation and amortization expenses that belong to tangible and intangible assets and right of use assets.

NOTE 25 - EXPENSES BY NATURE

The amounts of depreciation and amortization expenses recorded in the consolidated statement of profit or loss accounts are as follows:

	December 31, 2020	December 31, 2019
Depreciation and amortization expenses		
Cost of sales	**1.412.126**	1.192.159
Marketing expenses	**1.476.831**	1.069.545
General administrative expenses	**249.085**	192.479
Other operating expenses	**4.523**	5.486
Research and development expenses	**1.634**	1.578
	3.144.199	2.461.247

Depreciation and amortization amounting TRL 6.152 is reflected in construction in progress and TRL 507 is reflected in inventories (As of December 31, 2019 respectively: TRL 4.721 and TRL (5.985)).

The amounts of personnel expenses recorded in the consolidated statement of profit or loss accounts are as follows:

	December 31, 2020	December 31, 2019
Personnel expenses		
Marketing expenses	**3.919.574**	2.360.885
General administrative expenses	**1.533.376**	1.134.198
Cost of sales	**1.376.723**	1.151.281
Research and development expenses	**3.597**	1.898
	6.833.270	4.648.262

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 26 - OTHER OPERATING INCOME/EXPENSES

26.1 Other Operating Income

	December 31, 2020	December 31, 2019
Foreign exchange gains arising from trading activities	**428.567**	190.605
Interest income on term sales	**122.592**	121.109
Interest income from operating activities	**90.171**	54.742
Income from scrap and other materials	**45.989**	35.146
Rent income	**37.111**	34.242
Rediscount gain from trading activities	**5.480**	16.678
Other	**527.383**	448.851
	1.257.293	901.373

26.2 Other Operating Expenses

	December 31, 2020	December 31, 2019
Foreign exchange losses arising from trading activities	**687.159**	185.135
Interest expense on term purchases	**551.788**	524.994
Provision for expected credit loss (Note 8)	**65.511**	47.876
Donations	**18.037**	4.688
Rediscount loss from trading activities	**5.150**	10.074
Depreciation and amortization expense on tangible and assets	**4.523**	5.486
Administrative fines (*)	**1.279**	71.327
Other	**268.568**	252.120
	1.602.015	1.101.700

(*) As of December 31, 2019 administrative fines amounting to TRL 70.214 applied in Turkmenistan were related to arguments on regulatory applications and due to validity of various production licences and certificates.

NOTE 27 - INCOME/EXPENSES FROM INVESTING ACTIVITIES

27.1 Income from Investing Activities

	December 31, 2020	December 31, 2019
Gain on sale of property, plant and equipment	**426.969**	576.719
Transfer of currency translation differences recognized in other comprehensive expenses in the prior period to the profit of loss statement	**279.929**	467.516
Provisions no longer required for property plant and equipment	**8.483**	-
Rent income	**441**	217
Dividend income	**37**	34
Re-measurement earnings of previously held shares in the acquired business	**-**	1.185.846
Gain on put option revaluation	**-**	14.384
Other	**-**	53.614
	715.859	2.298.330

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 27 - INCOME/EXPENSES FROM INVESTING ACTIVITIES (cont'd)

27.2 Expenses from Investing Activities

	December 31, 2020	December 31, 2019
Loss on sale of tangible & intangible assets	**117.512**	292.133
Gain on put option revaluation	**55.441**	-
Provision for impairment on tangible assets (Note 13)	**18.109**	36.864
Provision for impairment on investment properties (Note 12)	**10.474**	-
Provision for impairment on intangible assets (Note 15.1)	**-**	64.407
Losses from leasehold improvements of closed stores	**4.079**	2.652
Provision for impairment on goodwill (Note 15.2)	**-**	3.369
Other	**8.644**	6.384
	214.259	405.809

NOTE 28 - FINANCIAL INCOME

	December 31, 2020	December 31, 2019
Foreign exchange gain	**2.304.965**	1.009.970
Interest income	**325.544**	319.077
Derivative transactions income	**276.808**	13.948
Interest income from subleases	**4.246**	2.319
Other	**13.486**	-
	2.925.049	1.345.314

NOTE 29 - FINANCIAL EXPENSES

	December 31, 2020	December 31, 2019
Foreign exchange loss	**3.110.674**	1.364.663
Interest expense	**1.679.254**	1.795.890
Loss on derivative transactions	**617.901**	354.173
Interest expense from leases	**532.005**	370.808
Other expense	**171.585**	175.056
	6.111.419	4.060.590

NOTE 30 - TAX ASSETS AND LIABILITIES

The Group is subject to taxation in accordance with the tax procedures and the legislation effective in the countries in which the Group companies operate.

The corporate tax rate for the fiscal year is 22% in Turkey (2019: 22%). Corporate tax returns are required to be filed until the twenty-fifth of the fourth month following the balance sheet date and paid in one installment until the end of the related month. The tax legislation provides for a provisional tax of 22% (2019: 22%) to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the fiscal year.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 30 - TAX ASSETS AND LIABILITIES (cont'd)

In accordance with the regulation numbered 7061, published in Official Gazette on 5 December 2017, "Amendment of Certain Taxes and Laws and Other Acts", corporate tax rate for the years 2018, 2019 and 2020 has increased from 20% to 22%. Therefore, deferred tax assets and liabilities as of December 31, 2020 are calculated with 22% tax rate for the temporary differences which will be realized in 2020, and with 20% tax for those which will be realized after 2021 and onwards. Article 5 entitled "Exceptions" of the Corporate Tax Law has been amended in Article 89 of the Law. In accordance with (a) clause in the first paragraph of the Article, the exemption of 75% applied to gains from the sales of lands and buildings held by the entities for two full years has been reduced to rate of 50%. This regulation has been effective from 5 December 2017.

According to the Turkish Tax Law, corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

In Turkey, the tax legislation does not permit to file a consolidated tax return. Therefore, provision for taxes, as reflected in the consolidated financial statements, has been calculated on a separate-entity basis.

30.1 Current Income Tax Assets and Tax Provision

	December 31, 2020	December 31, 2019
Current income tax assets	**309.252**	254.546
Income tax payable (-)	**(139.245)**	(31.172)
Net tax (liability) / asset	**170.007**	223.374

30.2 Deferred Tax Assets and Liabilities

The distribution of deferred tax assets and liabilities is as follows:

	December 31, 2020	December 31, 2019
Deferred tax asset	**1.249.604**	1.029.552
Deferred tax liability (-)	**(3.367.697)**	(3.196.161)
Total deferred tax asset/(liability), net	**(2.118.093)**	(2.166.609)

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 30 - TAX ASSETS AND LIABILITIES (cont'd)

30.2 Deferred Tax Assets and Liabilities (cont'd)

Movement of net deferred tax liabilities as of the year ended on December 31, 2020 is as follows:

	Balance December 31 ,2019	**Recorded to profit or loss**	**Balance December 31, 2020**
Property, plant and equipment, intangibles, investment property, assets used in renting activities	**(3.787.051)**	**(173.171)**	**(3.960.222)**
Tax losses carried forward	**1.072.044**	**10.556**	**1.082.600**
Employee termination benefit and other employee benefits	**136.289**	**16.994**	**153.283**
Inventories	**84.773**	**(5.772)**	**79.001**
Investment incentive	**116.385**	**28.273**	**144.658**
Receivables and payables	**194.674**	**134.914**	**329.588**
Derivative financial instruments	**(28.049)**	**(4.801)**	**(32.850)**
Other	**44.326**	**41.523**	**85.849**
Net deferred tax liability	**(2.166.609)**	**48.516**	**(2.118.093)**
Added through change in consolidation scope	**-**	**(13.600)**	**-**
Currency translation difference	**-**	**138.493**	**-**
Transferred to non-current assets classified as held for sale	**-**	**(4.045)**	**-**
Recognised in other comprehensive income	**-**	**(248.983)**	**-**
	(2.166.609)	**(79.619)**	**(2.118.093)**

The movement of net deferred tax liabilities as of the year ended on December 31, 2019 is as follows:

	Balance December 31 ,2018	Recorded to profit or loss	Balance December 31, 2019
Property, plant and equipment, intangibles, investment property, assets used in renting activities	(3.194.048)	(593.003)	(3.787.051)
Tax losses carried forward	948.760	123.284	1.072.044
Employee termination benefit and other employee benefits	84.998	51.291	136.289
Inventories	75.042	9.731	84.773
Investment incentive	65.913	50.472	116.385
Receivables and payables	163.164	31.510	194.674
Derivative financial instruments	941	(28.990)	(28.049)
Other	8.199	36.127	44.326
Net deferred tax liability	(1.847.031)	(319.578)	(2.166.609)
Added through business combination	-	120.805	-
Currency translation difference	-	250.122	-
Recognised in other comprehensive income	-	(154.945)	-
	(1.847.031)	(103.596)	(2.166.609)

Carried forward tax losses of JSC AB Inbev Efes, PJSC AB Inbev Efes Ukraine and Coca-Cola Beverages Pakistan Limited can be carried forward indefinitely according to local tax regulations.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 30 - TAX ASSETS AND LIABILITIES (cont'd)

30.3 Tax Expense

	December 31, 2020	December 31, 2019
Current period tax expense (-)	**(807.771)**	(414.334)
Deferred tax (expense)/income	**(79.619)**	(103.596)
	(887.390)	(517.930)

	December 31, 2020	December 31, 2019
Profit/(loss) before tax from continuing operations	**1.501.532**	1.768.842
Gain (loss) from investments accounted through equity method	**279.785**	375.738
Taxable income	**1.781.317**	2.144.580
Tax ratio used by the parent company 22% (2019: 22%)	**(391.890)**	(471.808)
Tax effect of the companies using different ratio	**(3.355)**	42.584
Non-taxable income (-)	**48.502**	97.327
Carry forward tax losses that are not subject to deferred tax	**(92.711)**	(1.197)
Non-deductible expenses	**(323.959)**	(342.587)
Deferred tax effect of translation difference on non-monetary items	**(18.764)**	(12.413)
Effect of business combination	**-**	352.766
Cancellation of tax losses	**(139.437)**	(198.569)
Other	**34.224**	15.967
	(887.390)	(517.930)

NOTE 31 - EARNINGS PER SHARE

	December 31, 2020	December 31, 2019
Net (loss) profit - equity holders of the parent	**(279.775)**	564.869
Weighted average number of shares	**243.534.518**	243.534.518
- Earnings (Loss) per share from continuing operations (full TRL)	**(1,1459)**	2,2787
- Earnings / (Loss) per share from discontinued operations (full TRL)	**(0,0029)**	0,0408
- Earnings (Loss) per share (full TRL)	**(1,1488)**	2,3195

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 32 - RELATED PARTY BALANCES AND TRANSACTIONS

32.1 Trade and Other Receivables from Related Parties

	December 31, 2020	December 31, 2019
Syrian Soft Drink L.L.C. (1)	**8.141**	6.092
Anadolu Etap (1)	**2.370**	9.722
Anadolu Eğitim ve Sosyal Yardım Vakfı Sağlık Tes. İkt. İşl. (3)	**1.510**	2.109
Anadolu Efes Spor Kulübü (3)	**1.099**	193
LLC Faber-Castell Anadolu (Russia) (1)	**294**	237
Anadolu Landini (2)	**-**	583
Other	**121**	24
	13.535	18.960

As of December 31, 2020 there is no amount in long term portion of trade receivables from related parties (December 31, 2019: None).

As of December 31, 2020 there is no amount in other short term receivables from related parties (December 31, 2019: 5.594).

As of December 31, 2019 there is TRL 1.616 in other long term receivables from related parties (December 31, 2019: 5.766).

32.2 Trade Payables to Related Parties

	December 31, 2020	December 31, 2019
Anadolu Etap (1)	**9.010**	1.398
Anadolu Eğitim ve Sosyal Yardım Vakfı (3)	**-**	309
Other	**-**	551
	9.010	2.258

As of December 31, 2020 there is no long term trade payables due to related parties (December 31, 2019: None).

(1) A joint venture
(2) Includes the amounts for the period when Migros was defined as a joint venture until April 30, 2019 and when Anadolu Landini was defined as a joint venture until December 31, 2019.
(3) Other

Terms and conditions of transactions with related parties

Outstanding balances at the end of the period are unsecured, interest free and will be settled in cash. There has been no guarantees given or received for any related party receivables or payables. For the year ended December 31, 2020, the Group has not provided for any expected credit loss, relating to amounts due from related parties (December 31, 2019: None). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related parties operate.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 32 - RELATED PARTY BALANCES AND TRANSACTIONS (cont'd)

32.3 Related Party Transactions

Significant transactions with related parties during the year ended as of December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
Sales of goods and services, net		
Anadolu Etap (1)	**3.706**	7.925
Anadolu Efes Spor Kulübü (3)	**1.898**	4.849
Anadolu Eğitim ve Sosyal Yardım Vakfı Sağlık Tes. İkt.İşl. (3)	**1.033**	3.030
Migros Group Companies (2)	**-**	225.542
Anadolu Landini (1)	**-**	935
Other	**819**	1.342
	7.456	243.623

	December 31, 2020	December 31, 2019
Purchases of goods, property, plant & equipment and other charges		
Anadolu Efes Spor Kulübü (3)	**108.385**	110.881
Anadolu Etap (1)	**28.983**	13.344
Anadolu Eğitim ve Sosyal Yardım Vakfı (3)	**7.973**	4.106
Migros Group Companies (2)	**-**	1.677
Other	**3.713**	2.557
	149.054	132.565

	December 31, 2020	December 31, 2019
Various sales included in other income (includes dividends received)		
Anadolu Etap (1)	**1.647**	-
Anadolu Landini (1)	**-**	12.626
LLC Faber-Castell Anadolu (Russia) (1)	**-**	200
Migros Group Companies (2)	**-**	98
Other	**27**	1.836
	1.674	14.760

(1) A joint venture
(2) Includes the amounts for the period when Migros was defined as a joint venture until April 30, 2019 and when Anadolu Landini was defined as a joint venture until December 31, 2019.
(3) Other

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 32 - RELATED PARTY BALANCES AND TRANSACTIONS (cont'd)

32.3 Related Party Transactions (cont'd)

Compensation of Key Management Personnel of the Group

Group has defined the key management personnel as follows; the managers directly reporting to the general manager and board of directors, and the board of directors and general managers in the rest of the subsidiaries. Benefits provided to senior managers include benefits such as wages, seniority, notice and leave.

The details of benefits provided to the key management personnel for the year ended on December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
Short term benefits provided to key management personnel	**119.626**	90.502
Post-employment benefits	**6.871**	4.108
Total gain	**126.497**	94.610
Social Security employer share	**2.442**	1.841

Other

The Company and its subsidiaries other than Migros and McDonald's donate 1% - 5% of their profit before corporate tax and such fiscal obligations to Anadolu Eğitim ve Sosyal Yardım Vakfı as stated in the entities' foundation agreements as long as these donations are exempt from tax. As of December 31, 2020, donations amount to TRL 7.975 (December 31, 2019: TRL 4.106).

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

Financial Risk Management Objectives and Policies

General

The Group's principal financial instruments comprise bank borrowings, finance leases, and cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, interest rate risk, price risk, credit risk and liquidity risk. The Group manages these risks as stated below. The Group also monitors the market price risk arising from all financial instruments.

Credit Risk

Financial instruments have a counterparty risk as they may not fulfill requirements of the agreement.

The Group manages credit risk by constantly evaluating the credibility of the related parties and by determining counterparty credit limits and due dates on a customer basis. Group also receives collaterals from customers as needed. Instruments that increase the credit reliability as guarantees received to determine the maximum amount of credit risk as of reporting date, are not taken into account.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 33 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

Credit Risk (cont'd)

As of December 31, 2020 and 2019 details of maximum credit risk exposure and aging of assets overdue but not impaired are stated below:

December 31, 2020	**Receivables**						
	Trade Receivables		**Other Receivables**				
	Due from related parties	**Due from third parties**	**Due from related parties**	**Due from third parties**	**Deposits in banks**	**Derivative Instruments**	**Other**
Maximum exposure to credit risk at the end of reporting period (A+B+C+D+E)	**13.535**	**3.359.915**	**1.616**	**250.276**	**11.131.187**	**559.039**	**1.628.346**
- Maximum credit risk secured by guarantees	-	1.558.341	-	-	-	-	-
A. Net carrying amount of financial assets that are neither past due nor impaired	5.645	2.820.554	1.616	250.276	11.131.187	559.039	1.628.346
B. Carrying amount of financial assets whose term has been renegotiated, otherwise past due or impaired	-	-	-	-	-	-	-
C. Net carrying amount of financial assets past due but not impaired	7.890	538.600	-	-	-	-	-
- Under guarantee	-	73.297	-	-	-	-	-
D. Net carrying amount of financial assets impaired	-	761	-	-	-	-	-
- Past due (gross carrying value)	-	284.035	-	-	-	-	-
- Impaired (-)	-	(283.274)	-	-	-	-	-
- Net carrying amount of financial assets under guarantee	-	761	-	-	-	-	-
- Not past due (gross carrying value)	-	-	-	-	-	-	-
- Impaired (-)	-	-	-	-	-	-	-
- Net carrying amount of financial assets under guarantee	-	-	-	-	-	-	-
E. Off- balance sheet items which include credit risk	-	-	-	-	-	-	-

December 31, 2019	Receivables						
	Trade Receivables		Other Receivables				
	Due from related parties	Due from third parties	Due from related parties	Due from third parties	Deposits in banks	Derivative Instruments	Other
Maximum exposure to credit risk at the end of reporting period (A+B+C+D+E)	18.960	3.298.663	11.360	259.965	8.157.086	48.700	1.081.307
- Maximum credit risk secured by guarantees	-	1.403.734	-	-	-	-	-
A. Net carrying amount of financial assets that are neither past due nor impaired	18.960	3.071.305	11.360	244.070	8.157.086	48.700	1.081.307
B. Carrying amount of financial assets whose term ha been renegotiated, otherwise past due or impaired	-	-	-	-	-	-	-
C. Net carrying amount of financial assets past due bu not impaired	-	220.392	-	15.895	-	-	-
- Under guarantee	-	87.353	-	-	-	-	-
D. Net carrying amount of financial assets impaired	-	6.966	-	-	-	-	-
- Past due (gross carrying value)	-	241.569	-	-	-	-	-
- Impaired (-)	-	(234.603)	-	-	-	-	-
- Net carrying amount of financial assets under guarantee	-	6.966	-	-	-	-	-
- Not past due (gross carrying value)	-	-	-	-	-	-	-
- Impaired (-)	-	-	-	-	-	-	-
- Net carrying amount of financial assets under guarantee	-	-	-	-	-	-	-
E. Off- balance sheet items which include credit risk	-	-	-	-	-	-	-

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 33 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

Credit Risk (cont'd)

December 31, 2020	**Trade Receivables**	**Other Receivables**	**Deposits**
Past due between 1-30 days	**458.252**	**-**	**-**
Past due between 1-3 months	**51.082**	**-**	**-**
Past due between 3-12 months	**12.358**	**-**	**-**
Past due for more than 1 year	**16.908**	**-**	**-**

December 31, 2019	Trade Receivables	Other Receivables	Deposits
Past due between 1-30 days	162.156	-	-
Past due between 1-3 months	25.531	-	-
Past due between 3-12 months	12.701	-	-
Past due for more than 1 year	20.004	-	-

Foreign currency risk

The following table summarizes the exchange rate of Turkish Lira to 1 USD and 1 EUR:

		Exchange buying rate at December 31, 2019	**Average exchange buying rate in the period**	**Exchange buying rate at December 31, 2020**
USD/TRL	Turkey	5,9402	7,0034	7,3405
EUR/TRL	Turkey	6,6506	8,0140	9,0079

Foreign currency risk arises from the EUR and USD denominated assets and liabilities of the Group. The Group has transactional currency exposures. Such exposures arise from sales or purchases or borrowings by the Group in currencies other than the Group's functional currency. The Group manages foreign currency risk by using natural hedges that arise from offsetting foreign currency denominated assets and liabilities. Anadolu Efes and Adel, the subsidiaries of the Group, as mentioned in Note 5, reserves a certain portion of its bank deposits for future purchases of raw materials, operating expenses and interest payments. Anadolu Efes's foreign currency liability consists of mainly long term liabilities. Accordingly, in the short term foreign currency risk that may arise from fluctuation of foreign currencies are relatively limited. The Group also conducts foreign exchange forward transactions and cross currency swap transactions in order to avoid foreign exchange risk as denoted in Note 34.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 33 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

Foreign currency risk (cont'd)

December 31, 2020	TRL Equivalent (Functional currency)	Thousand USD	Thousand EUR	Other TRL
1. Trade receivables	393.656	30.158	18.433	6.243
2a. Monetary financial assets (cash and cash equivalents included)	4.696.992	462.809	137.995	56.698
2b. Non - monetary financial assets	180	-	20	-
3. Other	12.566	851	693	76
4. Current assets (1+2+3)	**5.103.394**	**493.818**	**157.141**	**63.017**
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non - monetary financial assets	-	-	-	-
7. Other	5.081	641	42	-
8. Non - current assets (5+6+7)	**5.081**	**641**	**42**	**-**
9. Total assets (4+8)	**5.108.475**	**494.459**	**157.183**	**63.017**
10. Trade payables	1.415.928	92.214	62.861	172.781
11. Short - term borrowings and current portion of long - term borrowings	2.187.094	38.935	211.069	8
12a. Monetary other liabilities	8.807	508	159	3.651
12b. Non - monetary other liabilities	336.383	45.131	566	-
13. Current liabilities (10+11+12)	**3.948.212**	**176.788**	**274.655**	**176.440**
14. Trade payables	45	-	5	-
15. Long - term borrowings	9.963.493	1.073.815	231.032	42
16a. Monetary other liabilities	-	-	-	-
16b. Non - monetary other liabilities	6.080	-	675	-
17. Non - current liabilities (14+15+16)	**9.969.618**	**1.073.815**	**231.712**	**42**
18. Total liabilities (13+17)	**13.917.830**	**1.250.603**	**506.367**	**176.482**
19. Off balance sheet derivative items' net asset / (liability) position (19a-19b)	**8.169.669**	**827.329**	**232.758**	**-**
19a. Total hedged assets	**8.169.669**	**827.329**	**232.758**	**-**
19b. Total hedged liabilities	-	-	-	-
20. Net foreign currency asset / (liability) position (9-18+19)	**(639.686)**	**71.185**	**(116.426)**	**(113.465)**
21. Monetary items net foreign currency asset / (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	**(8.484.719)**	**(712.505)**	**(348.698)**	**(113.541)**
22. Total fair value of financial instruments used to manage the foreign currency position	**210.906**	**(30.498)**	**48.266**	-

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 33 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

Foreign Currency Risk (cont'd)

December 31, 2019	TRL Equivalent (Functional currency)	Thousand USD	Thousand EUR	Other TRL
1. Trade receivables	340.357	35.517	16.662	18.569
2a. Monetary financial assets (cash and cash equivalents included)	3.107.045	329.102	143.841	195.481
2b. Non - monetary financial assets	160.168	24.429	2.264	-
3. Other	41.647	712	3.983	10.931
4. Current assets (1+2+3)	3.649.217	389.760	166.750	224.981
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non - monetary financial assets	-	-	-	-
7. Other	1.269	195	16	-
8. Non - current assets (5+6+7)	1.269	195	16	-
9. Total assets (4+8)	3.650.486	389.955	166.766	224.981
10. Trade payables	1.093.085	101.059	51.217	152.156
11. Short - term borrowings and current portion of long - term borrowings	2.980.402	164.375	301.322	8
12a. Monetary other liabilities	14.926	1.110	1.253	-
12b. Non - monetary other liabilities	20.690	2.672	719	33
13. Current liabilities (10+11+12)	4.109.103	269.216	354.511	152.197
14. Trade payables	9.973	-	1.499	4
15. Long - term borrowings	11.308.871	1.090.242	726.637	42
16a. Monetary other liabilities	-	-	-	-
16b. Non - monetary other liabilities	214.399	35.219	781	-
17. Non - current liabilities (14+15+16)	11.533.243	1.125.461	728.917	46
18. Total liabilities (13+17)	15.642.346	1.394.677	1.083.428	152.243
19. Off balance sheet derivative items' net asset / (liability) position (19a-19b)	6.772.109	790.460	312.245	-
19a. Total hedged assets	6.772.109	790.460	312.245	-
19b. Total hedged liabilities	-	-	-	-
20. Net foreign currency asset / (liability) position (9-18+19)	(5.219.751)	(214.262)	(604.417)	72.738
21. Monetary items net foreign currency asset / (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	(11.959.855)	(992.167)	(921.425)	61.840
22. Total fair value of financial instruments used to manage the foreign currency position	(12.433)	(573)	(1.312)	(305)

Information related to export and import as of December 31, 2020 and 2019 are as follows:

	2020	2019
Total Export Amount	**1.192.072**	1.439.601
Total Import Amount	**8.052.193**	5.379.972

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 33 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

Foreign Currency Risk (cont'd)

	Foreign currency position sensitivity analysis	
	December 31, 2020 (*)	
	Income / (loss)	**Income / (loss)**
	Increase of the foreign currency	**Decrease of the foreign currency**
Change in the USD against TRL by 10% +/-:		
1- USD denominated net asset / liability	(555.047)	555.047
2- USD denominated hedging instruments(-)	607.301	(607.301)
3- Net effect in USD (1+2)	**52.254**	**(52.254)**
Change in the EUR against TRL by 10% +/-:		
4- Euro denominated net asset / liability	(314.541)	314.541
5- Euro denominated hedging instruments(-)	209.666	(209.666)
6- Net effect in Euro (4+5)	**(104.875)**	**104.875**
Change in the other foreign currencies against TRL by 10% +/-:		
7- Other foreign currency denominated net asset / liability	(11.346)	11.346
8- Other foreign currency hedging instruments(-)	-	-
9- Net effect in other foreign currency (7+8)	**(11.346)**	**11.346**
TOTAL (3+6+9)	**(63.967)**	**63.967**

	Foreign currency position sensitivity analysis	
	December 31, 2019 (*)	
	Income / (loss)	Income / (loss)
	Increase of the foreign currency	Decrease of the foreign currency
Change in the USD against TRL by 10% +/-:		
1- USD denominated net asset / liability	(596.825)	596.825
2- USD denominated hedging instruments(-)	469.549	(469.549)
3- Net effect in USD (1+2)	(127.276)	127.276
Change in the EUR against TRL by 10% +/-:		
4- Euro denominated net asset / liability	(609.635)	609.635
5- Euro denominated hedging instruments(-)	207.662	(207.662)
6- Net effect in Euro (4+5)	(401.973)	401.973
Change in the other foreign currencies against TRL by 10% +/-:		
7- Other foreign currency denominated net asset / liability	7.274	(7.274)
8- Other foreign currency hedging instruments(-)	-	-
9- Net effect in other foreign currency (7+8)	7.274	(7.274)
TOTAL (3+6+9)	(521.975)	521.975

(*) Monetary assets and liabilities eliminated during the consolidation are not included.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 33 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

Foreign Currency Risk (cont'd)

Foreign Currency Hedge of Net Investments in Foreign Operations

Anadolu Efes, the subsidiary of the Group, designated denominated bond issued amounting to USD 500 Million as of January 1, 2018 and loans amounting to EUR 100 Million as of April 1, 2018 as a hedging instrument in order to hedge its foreign currency risk arising from the translation of net assets of its subsidiary located in Netherlands, Efes Breweries International (whose main activity is facilitating foreign investments in breweries). The Group paid loan amounting to EUR 50 Million in December 2019 and the other EUR 50 Million in October 2020 therefore, there is no hedging instrument in EUR currency as of December 31, 2020.

CCİ, the subsidiary of the Group, designated USD 319 Million out of USD denominated bond issued amounting to USD 500 Million as a hedging instrument in order to hedge its foreign currency risk arising from the translation of net assets of its subsidiary located in Netherlands, CCI Holland and Waha B.V.

The Company designated loans amounting to EUR 37 Million as a hedging instrument in order to hedge its foreign currency risk arising from the translation of net assets of its subsidiary located in Netherlands, Efes Breweries International (whose main activity is facilitating foreign investments of Anadolu Efes in breweries).

The effective part of the change in the value of the bonds and loans designated as hedging of net investments amounting to TRL 1.421.651 (TRL 1.137.321 - including deferred tax effect) is recognized as "Gains (Losses) on Hedge" under Equity and to "Other Comprehensive Income (Loss) Related with Hedges of Net Investment in Foreign Operations" under Other Comprehensive Income (December, 31 2019: TRL 632.700 (TRL 474.705 - including deferred tax effect)).

Interest Rate Risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. The Group manages interest rate risk by using natural hedges that arise from offsetting interest rate of assets and liabilities or derivative financial instruments.

As of December 31, 2020, the Group manages interest rate risk arising from the interest rate fluctuations on international markets, by using interest rate swap which are given in Note 34.

Certain parts of the interest rates related to borrowings are based on market interest rates; therefore, the Group is exposed to interest rate fluctuations on domestic and international markets. The Group's exposure to market risk for changes in interest rates relates primarily to the Group's debt obligations.

Interest position table	**December 31, 2020**	December 31, 2019
Financial instruments with fixed interest rate		
Financial assets		
- Time deposits	**10.005.026**	7.281.738
Financial liabilities	**17.672.483**	14.857.718
Financial instruments with floating interest rate		
Financial liabilities	**4.519.111**	5.730.930

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 33 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

Interest Rate Risk (cont'd)

At December 31, 2020, if interest rate on the Group's borrowings would have been 100 basis points higher / lower with all other variables held constant, then profit before tax and minority interest for the period ended March 31, 2021 which is the following reporting period, would be:

	Effect on profit before tax	
Interest Increase	**December 31, 2020**	December 31, 2019
1% increase	**(8.953)**	(12.961)

Liquidity Risk

Liquidity risk arises from the possibility that customers may not be able to settle within the normal terms of trade. To manage this risk, the Group periodically assesses the financial liability of customers. In addition, with the support of the reliable lenders' credit limits, cash inflows and outflows are balanced.

December 31, 2020

Maturities according to agreement	**Book Value**	**Total cash outflow according to agreement (=I+II+III+IV)**	**Less than 3 months (I)**	**3 to 12 months (II)**	**1 to 5 years (III)**	**More than 5 years (IV)**
Non-derivative financial liabilities	**37.238.267**	**40.457.030**	**16.600.105**	**7.324.783**	**16.112.740**	**419.402**
Bank borrowings	22.191.594	25.398.543	2.845.779	6.083.388	16.050.027	419.349
Trade payable and due to related parties	14.258.810	14.263.052	13.303.415	910.110	49.474	53
Put option liability	331.285	331.285	-	331.285	-	-
Employee benefit obligations	456.578	464.150	450.911	-	13.239	-

December 31, 2019

Maturities according to agreement	Book Value	Total cash outflow according to agreement (=I+II+III+IV)	Less than 3 months (I)	3 to 12 months (II)	1 to 5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities	32.625.499	36.340.185	13.574.601	5.719.007	16.550.838	495.739
Borrowings	20.588.648	24.300.818	3.039.609	4.495.759	16.275.401	490.049
Trade payable and due to related parties	11.554.638	11.557.154	10.276.002	1.209.229	66.233	5.690
Put option liability	223.223	223.223	-	14.019	209.204	-
Employee benefit obligations	258.990	258.990	258.990	-	-	-

Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Regarding capital risk management the Group follows net financial debt/equity ratio. Net financial debt is calculated by subtracting cash and cash equivalents and short term financial investments from total financial debt.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 34 – FINANCIAL INSTRUMENTS

34.1 Fair Value

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. The optimum fair value of a financial instrument is the quoted market value, if any.

Since cash and cash equivalents, trade receivables, other current assets, trade payables and other payables are of short term; their fair values are the same with their values in the balance sheet.

Investments are recorded with their carrying value due to the lack of determined market values and inefficiency of other methods on determining fair values.

Fair value of short-term and long term lease obligations approximate their carrying values in the balance sheet since they are in foreign currencies and revalued as of year-end.

The fair value of financial lease receivables are calculated by discounting their cash flows to the present value by using current market rates.

The fair value of held to maturity financial assets are calculated based on their market prices.

The fair value of other assets and liabilities are calculated by discounting their cash flows to the present value by using current market rates (current libor rates).

Fair Value Hedge Accounting

Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted)

Level 2: Other valuation techniques including direct or indirect observable inputs

Level 3: Valuation techniques not containing observable market inputs

	December 31, 2020	**Level 1**	**Level 2**	**Level 3**
Derivative financial assets	**559.039**	**-**	**559.039**	**-**
Derivative financial liabilities	**323.319**	**-**	**323.319**	**-**
Put option liability	**331.285**	**17.324**	**-**	**313.961**

	December 31, 2019	Level 1	Level 2	Level 3
Derivative financial assets	48.700	-	48.700	-
Derivative financial liabilities	56.492	-	56.492	-
Put option liability	223.223	14.019	-	209.204

34.2 Derivative Financial Instruments and Hedge Accounting

Derivative financial instruments are initially recognized at cost, and subsequently valued at fair value.

The Group documented the relationship between hedging instruments and hedged items at the beginning of the hedge transaction and also documented risk management objectives and the strategy for performing a variety of hedging transactions. Group, both at the beginning of the process of hedging transaction and on a regular basis of the hedging transaction, documented the assessment whether instruments used in hedging transactions are effective in high-level balancing changes in values of hedged items.

NOTE 34 – FINANCIAL INSTRUMENTS (cont'd)

34.2 Derivative Financial Instruments and Hedge Accounting (cont'd)

a) Swap transactions

As of December 31, 2020, Soft Drink Operations holds a derivative financial instrument of cross currency swap contract signed on February 11, 2020 with an amount of EUR 25,03 million and a maturity of January 13, 2021. The total swap value of this hedge transaction is TRL 225.523 (December 31, 2019: None).

As of December 31, 2020, the Company has a cross currency swap contract with a total amount of EUR 120 million due on May 12, 2021 and December 20, 2022, for the probability of arising exchange rate exposure in the long term (December 31, 2019: EUR 120 Million). Considering the fluctuations in exchange rates in October 2020, purchased options amounting to EUR 25 Million (TRL 225 Million) for hedging the foreign exchange exposure with those two cross currency participation swaps in addition to the cross currency swap agreement.

As of December 31, 2020, Soft Drink Operations have a cross currency swap contract with a total amount of USD 150 Million signed on January 16, 2018 and due on September 19, 2024, for the probability of arising exchange rate exposure in the long term. Soft Drink Operations have purchased option amounting to USD 150 million with a nominal amount of TRL 1.101.075 on September 19, 2020 for hedging the foreign exchange exposure with those two cross currency participation swaps.

b) Currency option contracts

As of December 31, 2020, the Beer Operations have 6 currency option contracts with a total nominal amount of TRL136.460 (December 31, 2019: TRL 273.249).

As of December 31, 2020, Soft Drink Operations holds no derivate financial instrument of option contracts (December 31, 2019: TRL 142.565)

As of December 31, 2020, Anadolu Isuzu, a subsidiary of the Group, has no foreign currency option contracts (December 31, 2019: JPY 1.818.500.326).

c) Interest rate swaps

As of December 31, 2020, Beer Operations has no interest rate swap agreement (December 31, 2019: TRL 255.429).

Migros has executed an interest rate swap transaction amounting to TRL 565 Million in order to mitigate interest rate risk of bods issued (December 31, 2019: TRL 325 Million).

As of December 31, 2020, the Company has an interest rate swap agreement of TRL 175 Million to protect against TRL 175 Million interest risk for its bond with variable interest (December 31, 2019: None).

Çelik Motor has executed an interest rate swap transaction amounting to TRL 100 Million in order to mitigate interest rate risk of loans with variable interest rate (December 31, 2019: None).

NOTE 34 – FINANCIAL INSTRUMENTS (cont'd)

34.2 Derivative Financial Instruments and Hedge Accounting (cont'd)

d) Commodity swap contracts

As of December 31, 2020, Soft Drink Operations have 11 sugar swap transactions with a total nominal amount of TRL 5.523 for 2.200 tonnes. The total of these sugar swap contracts is designated as hedging instruments in cash flow hedges related to forecasted cash flow, for the high probability purchases of production material exposed to sugar price risk for the 2020 and 2021 (December 31, 2019: TRL 4.545).

As of December 31, 2020, Soft Drink Operations have 8 aluminium swap transactions with a total nominal amount of TRL174.193 for 14.810 tonnes. The total of these aluminium swap contracts are designated as hedging instruments in cash flow hedges related to forecasted cash flow, for the high probability purchases of production material exposed to can price risk for the year 2020, 2021 and 2022 (December, 31 2019: None).

As of December 31, 2020, Beer Operations have 90 commodity swap and 1 commodity option contracts with a total nominal amount of TRL 346.588 for 20.661 tonnes of aluminium, 17.131 tonnes of plastic. 5.449 tonnes of aluminium and 633 tonnes of plastic commodity swap and option contracts are designated as hedging instruments in cash flow hedges related to forecasted cash flow, for the highly probable purchases of production materials exposed to can and plastic price risk (December 31, 2019: TRL 44.825).

e) Currency forwards

As of December 31, 2020, Anadolu Isuzu, a subsidiary of the Group, has 25 forward contracts with a nominal value of JPY 1.708.114.094, 6 forward contracts with a nominal value of USD 3.005.416 and 21 forward contracts with a nominal value of EUR 35,5 Million which are determined as cash flow hedging instruments for possible raw material purchases and operational expenses that are exposed to foreign exchange risk (December 31, 2019: None)

As of December 31, 2020, Soft Drink Operations have no FX forward transactions. (As of December 31, 2019, Soft Drink Operations have FX forward transaction dated October 9, 2019 with a total nominal amount of TRL106.910, for a forward purchase contract amounting USD18 million. The total of these FX forward contracts is designated as cash flow hedges related to forecasted cash flow, because of the foreign exchange value of loan repayments exposed to foreign currency risk. Additionally, as of December 31, 2019, Soft Drink Operations have FX forward transactions with a total nominal amount of TRL 27.158, for a forward purchase contract amounting to CNY 31,9 million for 5.016 tones. The total of these FX forward contracts are made for hedging the high probability purchases of resin, exposed to foreign currency risk.)

As of December 31, 2020, Beer Operations have FX forward transactions with a total nominal amount of TRL2.696.376, for forward contracts amounting to USD 153 million and EUR 175 million. The total of these FX forward contracts are designated as cash flow hedges related to forecasted cash flow, for the high probability purchases of raw material, trade goods and operational expenses, exposed to foreign currency risk (December 31, 2019: None).

As of December 31, 2020, Adel, a subsidiary of the Group, has a foreign exchange forward transaction amounting to USD 5.000.000 with a nominal value of TRL 36.702 (December 31, 2019: USD 9.181.000 forward with a nominal value of TRL 54.537).

The Company has a foreign currency forward contract with a nominal value of EUR 40 Million (December 31, 2019: EUR 18,5 Million).

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 34 - FINANCIAL INSTRUMENTS (cont'd)

34.2 Derivative Financial Instruments and Hedge Accounting (cont'd)

Fair value of derivative financial instruments as of December 31, 2020 and 2019 is as follows:

		December 31, 2020		December 31, 2019	
		Fair values		Fair values	
	Contract amount	**Assets**	**Liabilities**	Assets	Liabilities
Derivatives held for hedging:					
Receivables from operating leases	**-**	**-**	**-**	38.475	-
Cross currency swaps	**1.306.471**	**247.539**	**58.165**	-	14.958
Cross currency participation swaps	**1.551.470**	**78.469**	**213.420**	-	-
Interest rate swaps	**840.000**	**25.667**	**5.651**	61	28.173
Commodity swap transactions	**526.305**	**84.312**	**505**	931	-
Currency option	**605.732**	**53**	**25.844**	442	9.656
Currency forward transactions	**3.093.395**	**122.999**	**19.734**	8.791	3.705
	7.923.373	**559.039**	**323.319**	48.700	56.492
Short term		**445.282**	**109.899**	42.109	15.163
Long term		**113.757**	**213.420**	6.591	41.329
		559.039	**323.319**	48.700	56.492

NOTE 35 - DISCLOSURES OF INTERESTS IN OTHER ENTITIES

The summary financial information of Anadolu Efes, the subsidiary of the Group, of which non-controlling interest is at considerable level, is presented below:

	December 31, 2020			
Subsidiary	**Non-controlling interest (%)**	**Profit/loss allocated to non-controlling interest**	**Accumulated non-controlling interest**	**Dividend paid to non-controlling interest**
Anadolu Efes	**56,95**	**464.005**	**7.292.882**	**609.161**

	December 31, 2019			
Subsidiary	Non-controlling interest (%)	Profit/loss allocated to non-controlling interest	Accumulated non-controlling interest	Dividend paid to non-controlling interest
Anadolu Efes	56,95	588.955	7.504.470	171.324

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 35 - DISCLOSURES OF INTERESTS IN OTHER ENTITIES (cont'd)

Summary financial information for the related subsidiary is presented below:

Summary consolidated statement of financial position:	**Anadolu Efes**	Anadolu Efes
	December 31, 2020	December 31, 2019
Current assets	15.669.411	12.683.956
Non-current assets	34.891.957	33.214.176
Total assets	**50.561.368**	45.898.132
Short-term borrowings	2.984.492	2.296.547
Other current liabilities	9.557.611	7.399.975
Long-term borrowings	9.180.122	8.253.494
Other non-current liabilities	3.824.415	3.567.816
Total liabilities	**25.546.640**	21.517.832
Net assets	**25.014.728**	24.380.300
Attributable to:		
Non-controlling interests	12.208.964	11.203.005
Net assets of the equity holders of the parent	**12.805.764**	13.177.295

Summary consolidated statement of profit or loss:	**Anadolu Efes**	Anadolu Efes
	December 31, 2020	December 31, 2019
Revenue	26.742.693	23.076.564
Net income	1.452.910	1.308.595
Non-controlling interests	638.151	274.433
Equity holders of the parent	**814.759**	1.034.162

Summary cash flow:	**Anadolu Efes**	Anadolu Efes
	December 31, 2020	December 31, 2019
Cash flows from operating activities	4.956.927	4.157.115
Cash flows used in investing activities	(1.515.021)	(1.526.174)
Cash flows used in financing activities	(1.113.782)	(1.489.217)
Effect of currency translation differences	383.886	(101.958)
Net increase in cash and cash equivalents	**2.712.010**	1.039.766
Cash and cash equivalent at the beginning of the period	5.796.125	4.756.359
Total cash and cash equivalent at the end of the period	**8.508.135**	5.796.125

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 35 - DISCLOSURES OF INTERESTS IN OTHER ENTITIES (cont'd)

The summary financial information of Migros, the subsidiary of the Group, of which non-controlling interest is at considerable level, is presented below:

	December 31, 2020			
Subsidiary	**Non-controlling interest (%)**	**Profit/loss allocated to non-controlling interest**	**Accumulated non-controlling interest**	**Dividend paid to non-controlling interest**
Migros	**50,00**	**(201.492)**	**15.531**	**-**

	December 31, 2019			
Subsidiary	Non-controlling interest (%)	Profit/loss allocated to non-controlling interest	Accumulated non-controlling interest	Dividend paid to non-controlling interest
Migros	50,00	(230.406)	176.251	-

Summary financial information for the related subsidiary is presented below:

Summary consolidated statement of financial position:	**Migros**	Migros
	December 31, 2020	December 31, 2019
Current assets	7.330.921	5.273.679
Non-current assets	8.047.138	8.543.369
Total assets	**15.378.059**	13.817.048
Short-term borrowings	2.155.642	1.437.104
Other current liabilities	8.247.309	6.351.136
Long-term borrowings	4.616.639	5.400.315
Other non-current liabilities	325.008	274.325
Total liabilities	**15.344.598**	13.462.880
Net assets	**33.461**	354.168
Attributable to:		
Non-controlling interests	2.400	1.665
Net assets of the equity holders of the parent	**31.061**	352.503

Summary consolidated statement of profit or loss:	**Migros**	Migros
	December 31, 2020	December 31, 2019
Revenue	28.790.190	22.864.760
Net loss	(402.949)	(460.670)
Non-controlling interests	35	142
Equity holders of the parent	**(402.984)**	(460.812)

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 35 - DISCLOSURES OF INTERESTS IN OTHER ENTITIES (cont'd)

Summary cash flow:	**Migros**	Migros
	December 31, 2020	December 31, 2019
Cash flows from operating activities	3.022.867	2.185.182
Cash flows from investing activities	328.360	128.773
Cash flows used in financing activities	(2.433.439)	(1.743.453)
Effect of currency translation differences	(15.304)	7.291
Net increase in cash and cash equivalents	**902.484**	577.793
Cash and cash equivalent at the beginning of the period	2.328.309	1.750.516
Total cash and cash equivalent at the end of the period	**3.230.793**	2.328.309

NOTE 36 - NON-CURRENT ASSETS CLASSIFIED as HELD for SALE and DISCONTINUED OPERATIONS

a) Assets Held for Sale

Anadolu Efes, the subsidiary of the Group, has classified its facilities accounted under "Property, Plant and Equipment" whose net book value is TRL 15.095 to "Non-Current Assets Held for Sale" in 2020. Migros, the subsidiary of the Group, has classified its facilities accounted under "Property, Plant and Equipment", "Inventory" and other non-current assets held for sale whose net book value is TRL 310.798 to "Non-Current Assets Held for Sale" in 2020.

b) Discontinued Operations

Agreement has been reached between The Coca-Cola Company and CCI, the subsidiary of the Group, on the preliminary discussions to revisit the sales and distribution model of Doğadan brand, the non-ready to drink tea in CCI's portfolio. According to the agreement, CCI sales and distribution activities of Doğadan brand terminated as of April 30, 2020. In the consolidated financial statements as of December 31, 2020 and in order to be consistent to be with current year's presentation consolidated statement of profit or loss as of December 31, 2019, Doğadan is classified as non-current assets held for sale in accordance with TFRS 5.

In line with Migros, the subsidiary of the Group, growth targets and its strategic focus, Ramstore Macedonia DOO (a subsidiary of the Group operating in North Macedonia) operations have been re-evaluated. Following the evaluations, Ramstore Macedonia assets have been reclassified as "assets held for sale" since the sale of 100% shares of the subsidiary Ramstore Bulgaria EAD ("Ramstore Bulgaria"), the 99% direct shareholder of Ramstore Macedonia, is planned to be concluded in the short term.

	December 31, 2020	December 31, 2019
Revenue	410.500	458.741
Cost of Sales (-)	(322.577)	(374.464)
General Administrative Expenses (-)	(25.371)	(6.622)
Marketing Expenses (-)	(60.523)	(64.029)
Other Operating Income / Expenses (-)	(643)	(1.568)
Financial Income	1.702	974
Profit (Loss) Before Tax From Discontinuing Operations	3.088	13.032
Tax Expense from Discontinuing Operations (-)	(3.785)	(3.090)
Net Profit (Loss) for the Period from Discontinuing Operations	**(697)**	9.942

NOTE 37 - EVENTS AFTER THE REPORTING PERIOD

1) 31130 by the Ministry of Trade and in accordance with the conformity opinion received from the Ministry of Trade; Extraordinary General Assembly meeting was held on July 9, 2020, General Assembly has approved a cash dividend proposal of gross TRL 1,7740 (net TRL 1,5079) per each share including redeemed shares with 1 TRL nominal value amounting to a total of TRL 1.069.641 to be distributed from the released legal reserves, realizing a 177,40% of the capital TRL 592.105, dividend distribution for the period January-December 2019. As a result of the decision, Anadolu Efes has distributed dividend amounting to a total of TRL 452.377 as of December 31, 2020, related with the year ended as of December 31, 2019. In addition, as of 4th of January remaining dividend amount TRL 617.264 has started to be distributed.

2) Anadolu Efes, the subsidiary of the Group, in its meeting held on February 25, 2021, Board of Directors resolved to submit for the approval of the General Assembly a cash dividend proposal of gross TRL 1,9348 (full TRL) (net TRL 1,64458 (full TRL)) per each share with TRL 1 (net TRL) nominal value amounting to a total of TRL 1.145.605 realizing a 193,48% gross dividend distribution, calculated for the period January-December 2020 to be paid starting from May 28, 2021.

3) On September 10, 2020, Cola Cola İçecek A.Ş, the subsidiary of the Group, Board of Directors resolved to invite Company's shareholders to the Extraordinary General Assembly meeting to propose the distribution of a total TRL 211.128 gross dividends to be paid from accumulated profits in accordance with the Provisional Article 13/1 of Turkish Commercial Code No. 6102 and Communiqué on the Procedures and Principles Regarding the implementation of the Provisional Article 13 of the Turkish Commercial Code numbered 6102. However, with the Presidential Decree no. 2948 published in the Official Gazette dated September 18, 2020, it was decided to extend the restriction period for the distribution of profits specified in the aforementioned Communiqué by three months to December 31, 2020, therefore the dividend distribution and the extraordinary general assembly processes were cancelled.

Now that the restriction period has ended, Soft Drink Operation’s Board of Directors resolved on January 20, 2021 to invite shareholders to the Extraordinary General Assembly meeting to propose the distribution of a total TRL 211.128 gross dividends (from extraordinary reserves after legal liabilities are deducted) to be fully paid from accumulated profits. Total dividend amount will be paid starting from February 18, 2021.

At the Extraordinary General Assembly Meeting dated February 17, 2021, pursuant to the Board of Directors’ proposal dated January 20, 2021, the distribution of a total gross dividends of TRL 211.128 is approved with majority of the votes, to be paid starting from February 18, 2021.

4) On February 2, 2021, at the Extraordinary General Meeting of the Company; it has been decided that TRL 30.000 cash dividend will be distributed corresponding to gross 12,32% of the capital (TRL 243.534,5) and will be covered from Retained Earnings (corporate tax exempted extraordinary reserves of December 31, 2002 and prior periods)

5) In order to diversify debt structure of the Company, within the framework of the Capital Markets Law and related legislation, Board of Directors has taken the decision on February 2, 2021 to authorize Company management to issue Turkish Lira debt instruments up to TRL 1 million through a single or multiple issuances to qualified investors domestically with a discount and/or a fixed or floating coupon depending on the market conditions. The application made to the Capital Markets Law on February 4, 2021 in this regard was approved on February 25, 2021.

6) Credit rating agency Saha Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. has reconfirmed the Company’s credit ratings as (TR) AAA long-term (National) and (TR) A1+ short-term (National) and the outlook as stable.

NOTE 37 - EVENTS AFTER THE REPORTING PERIOD (cont'd)

7) At the Ordinary General Assembly meeting of Adel, the subsidiary of the Group, held on April 8, 2020, with the Presidential Decree and the aforementioned Communiqué of the Ministry of Trade published in the Official Gazette dated October 28, 2020 and the dividend amount has been paid on January 5, 2021.

8) Within the scope of production facility optimization plan initiated, Anadolu Efes has decided to deactivate brewing operations in Lüleburgaz facility in 2014 while the related facilities have continued to be used for sales, distribution and logistics activities since then. Sale of the Anadolu Efes' real estate registered in Lüleburgaz, Kırklareli province, consisting of the industrial parcel on which Lüleburgaz facility is located and the agricultural parcels around it is completed as of February 23, 2021 for a total sales value of TRL 60.000 excluding VAT.

9) In line with Migros the subsidiary of the Group, growth targets and its strategic focus in markets where the Group operates, Ramstore Macedonia operations have been re-evaluated. Following the evaluations, the negotiations have been initiated with regard to the sale of 100% of Ramstore Bulgaria EAD ("Ramstore Bulgaria") the subsidiary of Group, to City Plaza Doo Skopje ("the Buyer"), the 99% direct shareholder of Ramstore Macedonia. In this respect, a preliminary sales agreement has been signed between Migros and the buyer. The negotiations continue regarding the signing of a Share Purchase Agreement.

10) In line with Migros, the subsidiary of the Group, strategic targets, an agreement has been signed on January 7, 2021 between Migros and CarrefourSA Carrefour Sabancı Ticaret Merkezi A.Ş. ("CarrefourSA") with regard to the transfer of tenancy rights and the lease agreements of 34 stores operated by CarrefourSA.

11) As per the resolution of the Board of Directors of Coca-Cola İçecek (CCI) the subsidiary of the Group dated February 24, 2021;

In 2020, the subsidiary of the Group CCI, recorded a net income of TRL 1.232.671 in the consolidated financial statements prepared in accordance with the Turkish Financial Reporting Standards. The Board of Directors resolved to propose to the General Assembly the distribution of a total TRL 501.110 gross dividends to be paid starting from May 27, 2021. After legal liabilities are deducted, TRL 395.000 of this amount will be paid from 2020 net income, and TRL 106.110 will be paid from other distributable reserves. As per the proposal, the remainder of 2020 net income will be added to the extraordinary reserves.

Subject to the approval of the General Assembly, a gross cash dividend of TRL 1.97 (net TRL 1.97) per 100 shares, representing TRL 1 nominal value, will be paid to Turkey based full and limited corporate taxpayers, who receive dividends through an established business or a representative office in Turkey. Other shareholders will receive gross TRL 1,97 (net TRL 1,6745) per 100 shares.

12) The Company has reached a non-binding agreement with Quick Sigorta A.Ş ve Corpus Sigorta A.Ş., a subsidiary of Maher Yatırım Holding A.Ş for the 100% stake transfer of AND Anadolu Gayrimenkul Yatırımları A.Ş.,the subsidiary of the Group, which among its other assets owns AND Kozyatağı building and likewise started financial, tax, legal reviews regarding the share transfer as well as negotiations with the buyer. Consequently, it is decided to begin taking the necessary actions to apply for approvals, which include pre-application to state authorities as well in order to complete the stake sale. Based on the agreement with the parties, the equity stake value is estimated at TRL 70.000 and final value will be calculated after offsetting total asset value with debts and liabilities at the closing date of the transaction.

Further developments about the transaction will be shared with the public accordingly.

13) On January 26, 2021, Kenan Investments S.A sold its Migros Ticaret A.Ş., the subsidiary of the Group, shares with the nominal value of TRL 21.308 over full TRL 44,15 sell price. After the mentioned transaction, the share ownership of Kenan Investments SA and the funds managed by BC Partners subsidiaries decreased to 0%. The free-float increased to 49,18% as of January 26, 2021 (December 31, 2020: 37,41%).

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