AG Anadolu Group Holding
Annual Report 2019

Anadolu Group

Contents

Anadolu Group

The star that links Anatolia to the world and the world to Anatolia

Anadolu Group in Brief

Undertaking strategic investments in beer, soft drinks, retail and agriculture, Anadolu Group's operations embrace a broad range of sectors that also include automotive, stationery, quick-service restaurants, real estate and energy.

A global player

"The star that links Anatolia to the world and the world to Anatolia"

1950

Founded
Established by Yazıcı and Özilhan families

~80,000

Employees

19

Countries
Turkey, Germany, Azerbaijan, Belarus, Georgia, Netherlands, Iraq, Kazakhstan, Kyrgyzstan, Turkish Republic of Northern Cyprus, Macedonia, Moldova, Pakistan, Russia, Syria, Tajikistan, Turkmenistan, Ukraine, Jordan

66

Production facilities

9

Sectors
Beer, soft drink, retail, agriculture, automotive, stationery, quick-service restaurants, real estate, energy

80+

Countries exported to

Originally established in 1950 by the Yazıcı and Özilhan families and advancing into the future with its vision of being “the star that links Anatolia to the world and the world to Anatolia”, Anadolu Group provides employment to around 80,000 people in nearly 80 companies and 66 production facilities located in 19 countries. With assets worth TRL 63 billion in value in 2019, the group booked a total turnover of TRL 51.7 billion on its operations.

Anadolu Group nourishes rapid and healthy growth by creating added value for Turkey in line with its goals of globalizing internationally as a regional player, entering into partnerships with the world’s biggest companies in keeping with its commitment to a partnership culture, and developing branded consumer products. Undertaking strategic investments in the areas of beer, soft drinks, retail and agriculture, Anadolu Group conducts its operations across a broad range of sectors embracing automotive, stationery, quick-service restaurants, real estate and energy. Mindful of its social responsibilities, it also contributes to the wellbeing of the community in the areas of education, health, and sports through Anadolu Foundation, Anadolu Medical Center and Anadolu Efes Sports Club.

As of year-end 2019

TRL **51.7** billion

Turnover
Including Migros fully consolidated for 12-months

6

Companies
Quoted on Borsa İstanbul (BIST) (including the holding company)

A global player with strong local presence

Partnership culture with global brands

Expertise in branded consumer products

Strong ownership ties coupled with high corporate governance standards

Anadolu Group

Milestones

Anadolu Group was set up in 1950 by the Yazıcı and Özilhan families.

1950

1960
Çelik Motor was established.

1965
Anadolu Motor was established.

1969
Anadolu Efes was established.

1969
Adel Kalemcilik was established.

1976
Anadolu Efes was established.

2005
McDonald's licensing agreement was received.

2007
Stakes were acquired in Aslancık Electricity.

2008
AEH Insurance Agency was established.

2008
AES Electricity Wholesale was established.

2009
Anatolian Caucasia Energy was established.

1979
Anadolu Foundation was established.

1983
A licensing agreement was made with ISUZU Motors.

1984
Efestur was established.

1995
Coca-Cola production and distribution operations commenced in Kazakhstan.

2005
Anadolu Medical Center was established.

2009
Anadolu Etap was established.

2011
AND Gayrimenkul was established.

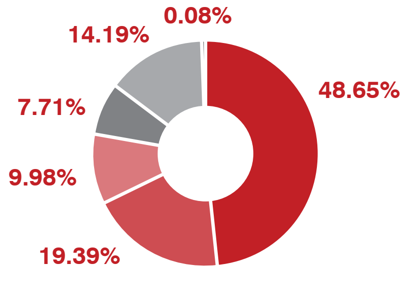
2015
Migros stakes were acquired.

2017
Anadolu Landini was established.

2017
Anadolu Group holding companies merged under one roof.

2019

Capital and Shareholding Structure



BIST code	AGHOL.IS
2019-end market cap.	TRL 4,284 million

AG Anadolu Group Holding Shareholding Structure (31 December 2019)	Paid-in Capital (TRL thousand)	Share (%)
AG Sınai Yatırım ve Yönetim A.Ş. (*)	118,474	48.65
Other Yazıcı Family Individuals (*)	47,211	19.39
Özilhan Family (*)	24,293	9.98
Azimut Portföy SKY Serbest Özel Fon (*) (****)	18,772	7.71
Publicly Traded (**)	34,553	14.19
Other (***)	232	0.08
Total Share Capital	**243,535**	**100.00**

Class	# shares	% shareholding	Board candidate designation rights
A (bearer)	194,827,614	80.00	-
B (registered)	48,706,904	20.00	6
	243,534,518	**100.0**	

(*) As of 31 December 2019, 28.65% of AG Sınai Yatırım ve Yönetim A.Ş. shares amounting TRL 69,767 thousand and all of the shares of other Yazıcı Family Members, Özilhan Family, Azimut Portföy SKY Serbest Özel Fon and other are publicly issued and 16.76% of them amounting TRL 40,807 thousand are traded on the stock exchange.
(**) The shares only consist of the shares traded on the stock exchange which do not belong to family members.
(***) TRL 218 thousand of TRL 232 thousand belongs to Anadolu Ecopack Üretim ve Pazarlama A.Ş. Anadolu Ecopack Üretim ve Pazarlama A.Ş.'s 100.00% shares belong to Süleyman Kamil Yazıcı and his Family.
(****) 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.

In 2019 AG Anadolu Group Holding continued to contribute to social wellbeing and create value for its country, its business partners and all the territories in which it operates.

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 and consist of (1) the shares that belong to AG Sınai Yatırım ve Yönetim A.Ş., (2) the shares that belong to the Yazıcı families and the Özilhan family, and (3) the shares that make up the company's free float.

AG Sınai Yatırım ve Yönetim A.Ş. is a management company in which İzzet Türkan Özilhan Yönetim ve Danışmanlık A.Ş. and Kamil Yazıcı Yönetim ve Danışma A.Ş. each control 50% stakes. It was set up to manage the owners' interests in AGHOL and its subsidiaries. AG Sınai Yatırım ve Yönetim A.Ş. is indirectly managed by S. Kamil Yazıcı family and İzzet Özilhan family on the basis of equal representation and equal management principle.

Our Principal Business Lines

Beer
Anadolu Efes

Soft Drink
Coca-Cola İçecek

Migros
Migros

Automotive
Anadolu Isuzu
Çelik Motor
Anadolu Motor
Anadolu Landini

Agribusiness, Energy & Industry
Anadolu Etap
Anadolu Kafkasya
AES Elektrik
Aslancık Elektrik
Adel Kalemcilik
McDonald's
AND Gayrimenkul
Efestur

Others
AEH Insurance Agency

Social Organizations
Anadolu Foundation
Anadolu Medical Center
Anadolu Efes Sports Club

International Business Partners

Anadolu Group continues to create value in all of the territories in which it has operations through its partnerships with leading global brands and its joint ventures with multinational companies.

Key Financial Indicators

2019 YEAR-END FINANCIAL PERFORMANCE*:

Total sales
TRL 51.7 billion, up 21.5%

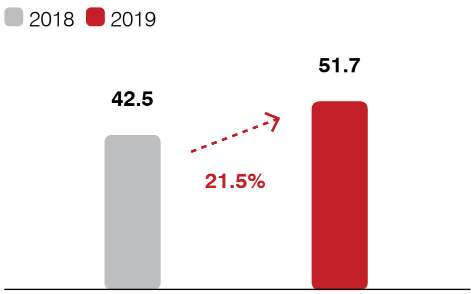
EBITDA
TRL 6.0 billion, up 28.1%

Net profit of the parent company
TRL 644 million

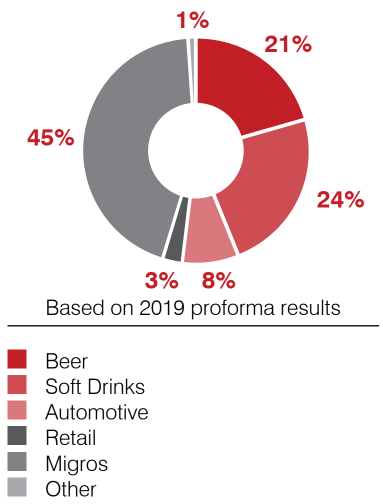
	Proforma Consolidated (*)		
(TRL million)	2018	2019	Change
Net Sales	42,544	51,699	21.5%
EBITDA	4,644	5,951	28.1%
Pre-tax Profit	-1,629	1,746	n.m.
Net Profit of the Parent Company	-1,217	644	n.m.
Total Assets	56,544	63,477	12.3%
Total Shareholders' Equity	20,490	23,912	16.7%
Parent Company Equity	5,047	6,178	22.4%
Net Debt	12,853	11,245	-12.5%
Total Liabilities/Total Equity	1.76	1.65	-1.0
Short-Term Liabilities/Long--Term Liabilities	1.26	1.14	-0.1
Net debt/EBITDA	2.8	1.9	-0.9
EBITDA Margin	10.9%	11.5%	0.6
PBT Margin	-3.8%	3.4%	7.2
Net Profit Margin (Parent Company)	-2.9%	1.2%	4.1

(*) For comparison purposes, 2018 figures assume the realization of the merger with ABI Inbev in Russia and Ukraine with effect from the beginning of the year.
(*) For comparison purposes, 2019 figures are shown by excluding the IFRS 16 effect.
(*) Proforma consolidated figures show Migros' 12-month consolidated results.

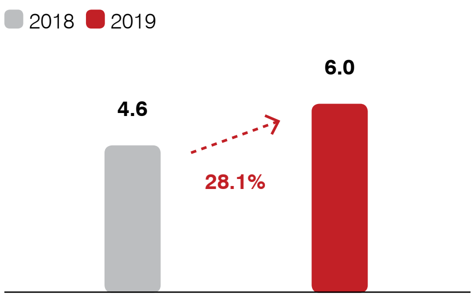
Proforma Net Sales (TRL billion) (*)



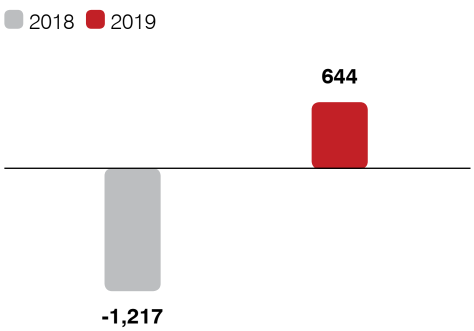
Net Sales Breakdown (**)



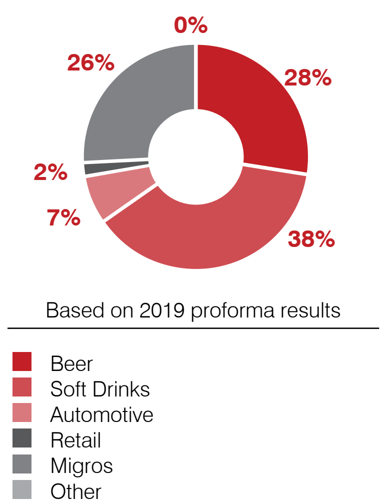
Proforma EBITDA (TRL billion) (*)



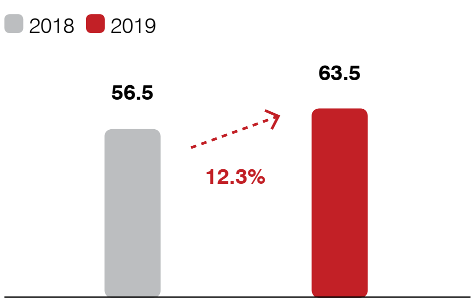
Proforma Net Profit (TRL million) (*)



EBITDA Breakdown (**)



Proforma Total Assets (TRL billion) (*)



(*) Proforma consolidated figures show Migros' 12-month consolidated results. For comparison purposes, the Beer Group's 2018 figures assume the realization of the merger with ABI Inbev in Russia and Ukraine with effect from the beginning of the year.
(*) For comparison purposes, 2019 figures are shown by excluding the IFRS 16 effect.
(**) Sum of segmental percentages may exceed 100% due to eliminations.

Chairman's Message

We are experiencing a historical transformation. We are a lucky generation, who witnesses this great change that will determine the way of life for future generations. We encounter new concepts and disruptive innovations every day, while we are facing with the realities concerning the sustainability of our world and our lives as well. Fortunately, as Anadolu Group, thanks to our innovative and entrepreneurial spirit, we successfully carry out the required efforts to strengthen our muscles in every area that we believe will carry us to the future.

Our collective mind is enriched by the ideas, efforts and outcomes of our esteemed employees and stakeholders and thus our Group continues to grow.

Esteemed Stakeholders,

We left behind a challenging year, through which both our country and our world experienced negative effects of uncertainties and the markets were extremely fragile. Due to increasing risks in economic and political areas, it is predicted that in 2020, a stagnation may occur in many sectors and the world could face unstable capital flows and further volatilities in the markets. In our country, which experiences similar conditions, the cooling off in the problems arising from the conjuncture, provides a significant opportunity to concentrate on the structural problems that we are continually postponing.

In this period, where we are looking forward to stabilization in macro indicators, our Group is welcoming its 70th year with a strong position. We continued to grow in 2019 as we achieved strong sales and operational profitability in the fast-moving consumer goods markets, which constitute a considerable part of our portfolio, while focusing more on exports in other sectors in which we operate. Today, Anadolu Group carries its 70 years of experience to the future with nearly 80 companies in 19 countries, 66 production facilities and approximately 80,000 employment. Beyond just being a group that provides economic growth, with our corporate citizen mindset, we are striving to add value to our society and every geography we operate and invest in innovation, development and the future in every area.

We are experiencing a historical transformation. We are a lucky generation, who witnesses this great change that will determine the way of life for future generations. We encounter new concepts and disruptive innovations every day, while we are facing with the realities concerning the sustainability of our world and our lives as well. Therefore, with the steps we are taking at the moment, we either keep pace with the transformation and become one of those whose name will be mentioned in the future, or we will stagnate and we will face the risk of being eliminated in the cruelty of the time. Fortunately, as Anadolu Group, thanks to our innovative and entrepreneurial spirit, we successfully carry out the required efforts to strengthen our muscles in every area that we believe will carry us to the future.

In 2019, we created our “From Anatolia to the Future” brand, which represents our Group’s vision of a sustainability-based future. By publishing our Sustainable Development Goals Alignment Report, we have shown that we are an active participant in the aim of reaching the United Nations Sustainable Development Goals and we are engaged in various activities that generate benefits for global development at world standards. We manage digital transformation and business transformation projects that will determine the way we do business in the future, invest in innovative technologies and carry out extensive R&D studies. We support both internal and external entrepreneurship on various platforms like Bi-Fikir and provide the settings for production of ideas and innovations in every area. We are aware of the significance of production. For our future, we produce in every field, particularly ideas and value.

Our collective mind is enriched by the ideas, efforts and outcomes of our esteemed employees and stakeholders and thus our Group continues to grow. In 2020, we will also take prudent and cautious steps by understanding the requirements of the period and we will strive to do our best in our jobs. In the light of our values, which hold us together, keep us looking in the same direction and differentiate us from others, we will keep on offering innovative products and services, generating ideas and projects and improving our investments. We will continue to create value with the awareness of our responsibility to our people, society and the world.

On behalf of Anadolu Group, I would like to express my gratitude to all our stakeholders, who believed in us, confided in us and contributed to us.

Tuncay Özilhan
Chairman

CEO's Assessment

This year, we will take strong steps towards our sustainable growth target by applying our prudent and effective financial management approach with determination and precision in all of our operations.

Esteemed Stakeholders,

Despite the fluctuations in macro balances, 2019 was a year, during which we successfully maintained our growth, made investments within our companies and achieved notable progress in our future-oriented activities. Today, our Group continues its activities with the aim of sustainable growth, with approximately 80 companies, 66 production facilities and approximately 80,000 employees in 19 countries. We are welcoming our 70th year with new targets and a belief that we will write new success stories with the strength we take from Anadolu Group family.

2019 has been a challenging year in both Turkey and all around the world. We started 2019 with the foresight that FED will increase the interest rates but, on the contrary, FED decided to cut the interest rates in the second half of the year. The economic inconsistencies continued until the end of the year mainly because of the course of the trade wars between USA and China, the concerns towards global economic growth and the ambiguity of the Brexit process.

Turkey started 2019 in an environment where economic conditions were vulnerable, Turkish lira was in a devaluation trend, the interest rates were high and the stock market was inconsistent. After 2.8% growth last year, Turkish economy shrunk by 2.3% in the first quarter of 2019 and by 1.6% in the second quarter, then started a growth trend with 0.9% in the third quarter. As our economy started to recover in the second half, the interest rates started to decline strongly and rapidly, while the stock market started to rise. In 2019, where inflation and current account balance improved, inflation was in a declining trend. It has been a year in which current account balance was turned to positive with the influence of weak domestic demand and Turkish lira tried to compensate its rapid devaluation in previous year.

It was in such a context that Anadolu Group closed the year 2019 with consolidated proforma sales worth TRL 51.7 billion, 22% higher than 2018.

Honored Shareholders,

It was in such a context that Anadolu Group closed the year 2019 with consolidated proforma sales worth TRL 51.7 billion, 22% higher than 2018. The main contributors to this increase in sales were especially the growth of our beer, soft drink and Migros operations.

As a result of our increasing operational profitability in 2019, our consolidated proforma EBITDA improved by 28% to TRL 6.0 billion and our EBITDA margin was 11.5%.

On the balance sheet side, total proforma consolidated assets increased by 11% and passed TRL 63 billion.

Anadolu Efes reaches 300 million consumers in 6 countries with 21 factories, as it pioneers in the markets of Turkey, Russia, Kazakhstan, Ukraine, Georgia, and Moldova. It presents major brands of the world to its consumers to develop its sector without compromising from quality. While creating social impact with the projects called Future is in Tourism and Future is in Agriculture- Smart Agriculture, it supports the entrepreneurship ecosystem, cultural activities and art. Coca-Cola İçecek (CCI) won the GCCL Grand Prize and the Woodruff Cup, the most prestigious awards of the Coca-Cola System, for its commercial achievements during this year. Operating in 10 countries, CCI launched approximately 20 new products, including Coca-Cola Energy. It has significantly reduced its environmental footprint, especially through improvements in water and energy usage and sustainable packaging efforts. Migros maintained its position as the sales leader in fresh food retailing in Turkey and provides the best shopping experience with the most innovative applications. In addition to the "Migros Hemen" application it launched this year, it allows customers to make money transfers in its stores across Turkey, 7 days a week until 10:00 PM. It continued to be the first and only retail company that is included in the BIST Sustainability Index of Borsa İstanbul for six consecutive years.

While the shrinking in the automotive sector continued in 2019, as Anadolu Group we registered significant progress in our operations in that line. Anadolu Isuzu realized the largest midibus export of Turkey with Georgia Novociti Life export deal. It presented its claim in alternative fuel vehicles by launching 3 new cars in Busworld, the world's largest bus fair. With Anadolu Savunma brand, it presented its vehicles manufactured for military purposes for the first time and realized the first delivery. KIA Turkey presented completely renewed CEED, one of the favorites of C-segment cars, to the market in the first quarter of the year, then launched XCEED, its new model in C SUV segment in December. Garenta continues to grow as its number of dealers reached 25, and provides approximately 125,000 rent-a-car services per month with MOOV by Garenta, which is the first car-sharing service in Turkey. ikinciyeni.com sold approximately 100 thousand vehicles through the platform with nearly 400 thousand members. Anadolu Motor launched Antrac 820 BS tiller machine produced in Şekerpınar by using a local engine and achieved a considerable increase in marine product revenue not only from Honda Marine outboards which it already distributes but also from products that were newly added to its marine product portfolio.

CEO’s Assessment

We will continue to do the best in our jobs, to carry out innovative and pioneering operations and to add value to every field, in which we operate.

We also maintain our operations in Agribusiness, Energy and Industry Group with considerable success. Anadolu Etap continues to be a pioneer in agricultural and agro-industrial development with its 8 farms, 5 million fruit trees, 3 fruit juice factories and one packaging facility in Turkey. Exporting 65 percent of its fruits to over 60 countries in an extensive geography, Anadolu Etap invests in the future of the agriculture sector with two R&D centers in its Mersin Factory and in Tahirova farm, Aslancık and Paravani Hydroelectric Power Plants, our investments in the energy sector have been continuing their activities successfully for more than 5 years. Adel Kalemcilik, celebrating its 50th anniversary in 2019, became an R&D center and brought a new dimension to its concept of innovation that places the child in the center of education and creativity. Buying the distribution rights of Panfix, which is a very well-known brand for cellulose band, Adel continues to offer accessible products thanks to the local production opportunities. McDonald’s increased the number of its customers and sales in double digits by improving the customer experience in its restaurants and digital channels and offering memorable communication campaigns. AND Real Estate continues to host many international brands at AND Kozyatağı, the office project with the highest rent value in the Anatolian Side. The number of people living in AND Pastel, the largest scale housing project in the region where life started in early 2019, is increasing day by day.

We also continue to produce value for our society through our social organizations. Celebrating its 40th anniversary, the Anadolu Foundation built 50 facilities all around Anatolia and granted more than 29,000 scholarships until today. It provided over 600,000 free health care services to nearly 50,000 citizens that are in need, reached more than 80,000 teachers in 50 provinces in Turkey with My Dear Teacher project and, provided 54,000 hours of individual mentoring support within the scope of the Mentoring Program. Anadolu Medical Center became the first clinical cancer center in Turkey and nearby geography, receiving the OECI accreditation by fulfilling the requirements of the Association of European Cancer Institute. In addition, it was awarded the Planetree Gold Accreditation as it registered its success in Person-Centered Care. Anadolu Efes Sports Club advanced to the finals of EuroLeague in 2019, completed Turkish Basketball League as champion for the 14th time and won the Presidential Cup. Our U16 and U14 A teams became champions in their league.

As Anadolu Group, we will continue to do the best in our jobs, to carry out innovative and pioneering operations and to add value to every field, in which we operate. This year, we will take strong steps towards our sustainable growth target by applying our prudent and effective financial management approach with determination and precision in all of our operations.

While we leave another year behind in our success story, I would like to thank all our employees for their dedicated efforts and all our stakeholders for their support and their trust.

Hurşit Zorlu
CEO

Board of Directors

Tuncay Özilhan
Chairman

Kamilhan Süleyman Yazıcı
Vice Chairman

Talip Altuğ Aksoy
Member

Rasih Engin Akçakoca
Member

Tuğban İzzet Aksoy
Member

Uğur Bayar
Independent Member

Salih Metin Ecevit
Member

Dr. Yılmaz Argüden
Member

Efe Yazıcı
Member

Dr. Mehmet Ercan Kumcu
Independent Member

Fatma Aslı Başgöz
Independent Member

Ali Galip Yorgancıoğlu
Independent Member

Board of Directors

Tuncay Özilhan
Chairman

Tuncay Özilhan was born in Kayseri. He studied in Saint-Joseph High School, then graduated from the Faculty of Economics of İstanbul University. He received his MBA degree from Long Island University in the United States. He has undertaken responsibilities such as General Director of Erciyas Brewery, Coordinator of the Beer Group and General Coordinator of Anadolu Group. Tuncay Özilhan acted as the CEO of Anadolu Group from 1984 to February 2017. He is the Chairman of Anadolu Group since May 2007. He has also been serving as Chairman of Anadolu Foundation as well as various Group companies.

Özilhan served as the Chairman of TÜSİAD (Turkish Industry & Business Association) from 2001 to 2003 and he is currently Chairman of its High Advisory Council. His other responsibilities include Member of The Board at the Foreign Economic Relations Board (DEİK), Honorary Consul for the Republic of Estonia and President of Anadolu Efes Sports Club. He also served as Chairman of the Turkish – Russian Business Council at the Foreign Economic Relations Board (DEİK). Tuncay Özilhan holds Ministerial Medal by the Ministry Foreign Affairs of the Republic of Estonia and “The Order of the Rising Sun, Gold and Silver Star”, constituting one of the most important orders awarded by Japanese government.

Kamilhan Süleyman Yazıcı
Vice Chairman

Kamilhan Yazıcı holds a bachelor’s degree in business administration from Emory University in USA, an MBA degree from AIBEC (American Institute of Business and Economics) in Russia and has completed the GMP program at Harvard Business School. Starting his career in Anadolu Group Finance Department in 2000, Yazıcı later worked in Anadolu Efes Russia Marketing Department between 2003-2005 and was appointed New Product Development Manager in 2005. Continuing his career in Russia as Logistic Systems Manager during 2006-2008, Yazıcı was appointed as Supply Chain Director in 2008 and as Development Director in 2010. Yazıcı assumed the role of Anadolu Efes Moldova Managing Director between 2011-2014 and was later appointed as Market Development Director in Anadolu Efes Headquarters, a position held until April 2017. Yazıcı currently serves as Board Member and Vice-Chairman in Anadolu Group companies.

Talip Altuğ Aksoy
Board Member

Talip Altuğ Aksoy received his bachelor’s degree in economics from Oglethorpe University in USA. He began his career as Finance Assistant Specialist at Anadolu Group in 1995 and was appointed as a Finance Specialist in 1996. Aksoy worked as Human Resources and Treasury Specialist from 1998 to 2000. He served as Director of Sales and Marketing at Efes Invest from 2000 to 2003 and was appointed as the Director of Trade and Export at Efes Beer Group in January 2003. Continuing his career at the Group as the Director of Purchasing and Logistics from 2006, Aksoy was appointed Director of Supply Chain of Efes Beer Group in June 2008. In November 2011, he was appointed as Efes Turkey Managing Director and served in this position until January 2017. Aksoy still continues to serve as a Board Member in various Anadolu Group companies.

Salih Metin Ecevit
Board Member

Metin Ecevit graduated from Faculty of Political Sciences in 1967. He also received a master’s degree from Syracuse University in Economics in 1976. From 1967 to 1980, he worked as a Government Auditor and served as Deputy General Manager of General Directorate of Revenues at the Ministry of Finance. Ecevit joined Anadolu Group in 1980 and worked in various roles, serving as General Manager, Board Member and Chairman in automotive companies of Anadolu Group. He retired in 2006, while he was serving as Automotive Group President, owing to the retirement age limit regulations of the Group. He served as Board Member and Chairman of the Association of Imported Car Distributors in Turkey from 1992 to 2004. He is a board member of Anadolu Group companies.

Dr. Yılmaz Argüden
Board Member

Dr. Argüden is the Chairman of ARGE Consulting, a globally recognized Turkish management consulting firm known for value creating strategies, governance, and sustainability. He is also the Chairman of Rothschild investment bank in Türkiye. His career spans the private sector, public sector, multinational institutions, NGOs, and academia. Dr. Argüden served on the boards of more than 60 national and international corporations. He is an adjunct Professor of Business Strategy, an author of numerous books and a columnist focusing on business and strategy issues. He is a renowned governance expert and has been selected as a member of the Private Sector Advisors of the IFC's Global Corporate Governance Group; he is also the Vice-Chairman of the Governance Committee of the Business at OECD and the Chairman of Trustees of the Argüden Governance Academy Foundation. As the elected Global Chair of the National Networks, he has served on the Board of the UN Global Compact, the world's largest sustainability platform. He has also served as the Vice-Chairman of the Turkish Basketball Federation. He is an Eisenhower Fellow, a recipient of numerous leadership, distinguished citizenship, and career awards, and was selected by the World Economic Forum as a "Global Leader for Tomorrow" for his commitment to improving the state of the world.

Efe Yazıcı
Board Member

Efe Yazıcı received his undergraduate degree in Management from George Washington University in 1999 and his MBA from Sabancı University in 2003. He worked as Assistant Fund Manager in Merrill-Lynch between 1997-1999 and joined Anadolu Group in 1999. During 1999-2002 period, he assumed various positons in Abank, Anadolu Endüstri Holding, TurkeCom, Anadolu Efes and Efes Moscow. Efe Yazıcı worked in Anadolu Isuzu Otomotiv Sanayi ve Ticaret A.Ş. during 2003-2014, overtaking positions of Export Specialist, Export Executive, Marketing Executive, Marketing Manager, Sales Manager and Exports Manager in order. Efe Yazıcı has been working as the General Manager of Antgıda A.Ş. since 2015; he serves as the board member of Billurtuz A.Ş. and in various Anadolu Group companies.

Rasih Engin Akçakoca
Board Member

R. Engin Akçakoca received his undergraduate degree from Middle East Technical University in Management and started his career in banking in 1974. He assumed Deputy General Manager position in Koç-Amerikan Bank during 1986 and 1991 and General Manager position in Koçbank A.Ş. during 1991 and 2000. He was appointed as the Chairman of the Banking Regulation and Supervision Agency and the Savings Deposit Insurance Fund in 2001 responsible for a large-scale banking sector restructuring program held in Turkey. Akçakoca has been working as a consultant since 2004; he holds board member positions in various Anadolu Group companies.

Tuğban İzzet Aksoy
Board Member

Tuğban İzzet Aksoy graduated from the Management and International Finance Department of the University of Oglethorpe in the USA, following his education at the Austrian High School. He began his professional career as an Assistant Expert in the Financial Affairs Directorate at Anadolu Endüstri Holding, in 1996. In December 1998 he was appointed as a Senior Broker at the Alternatifbank Treasury Department. Following five years in this role, Aksoy took on the role of Corporate Finance and Risk Manager at the Treasury and Risk Management Department of Anadolu Endüstri Holding A.Ş. in June 2003. In April 2008, he became Assistant Coordinator at Business Development Directorate, and between 2009-April 2019, he worked as Anadolu Group Energy Sector Coordinator. He continues to serve as Board Member in various Anadolu Group companies. Aksoy, who has participated in professional training and seminars in his field, is member of energy groups of TÜSİAD, TOBB and DEİK. Meanwhile, he has been an honorary consul of Georgia since 2016.

Board of Directors

Uğur Bayar
Independent Board Member

Uğur Bayar graduated from New York State University, Department of Mathematics & Statistics with a BSc. degree. Mr. Bayar started his career at Citibank Turkey in 1987 and served in various roles in the treasury department until he started public service in 1992. Mr. Bayar served as the Vice President in Public Partnership Administration between 1992-1997 and President at Prime Ministry Privatization Administration between 1997-2002. During this time, he also assumed the Chairmanships of the Board at Erdemir and Petrol Ofisi, and the Board Memberships at Turkish Airlines and Turk Telekom. Until 2018, Mr. Bayar served as the country CEO and Head of Invesment Banking at Credit Suisse Turkey where he joined in 2004. At the same time, Mr. Bayar the Chairman of the Board at WWF Turkey (World Wildlife Foundation), and a Board Member at Coca-Cola İcecek A.Ş., Tekfen Teknoloji Yatırım ve Tic. A.Ş. and SAMUMED, a San-Diego based biotechnology company. He is also a member of the Advisory Board of Washington based Afiniti.

Bayar complies with all of the independent member requirements, defined in the Capital Markets Board (CMB) Corporate Governance Principles.

Dr. Mehmet Ercan Kumcu
Independent Board Member

Mehmet Ercan Kumcu graduated from Boğaziçi University Department of Economics and received his doctorate degree from Boston College, Department of Economics. He was a university lecturer in Boston College, Eastern Michigan University and State University of New York giving lectures about macroeconomics, theory of money, international economics and finance. Prior to his career at the Central Bank of Turkey, he worked as a guest researcher, general secretary and finally as Vice President between 1988-1993. Serving still at the Board of Directors of Tekfen Holding, Dr. Kumcu worked both as the Vice Chairman and later as the Chairman of Tekfenbank (Eurobank Tekfen) between 1995-2008. Dr. Kumcu gives lectures Kadir Has University and he has published many articles. He is the author of the books "İstikrar Arayışları" (In Pursuit of Stability) "Krizleri Nasıl Çıkardık?" (How Did We Create Crises) (with Mahfi Eğilmez), "Ekonomi Politikası: Teori ve Türkiye Uygulaması" (Economic Policy: Theory and Practice in Turkey) (with Mahfi Eğilmez), "Kadın Matematikçiler" (Female Mathematicians) and "Krizler, Para ve İktisatçılar" (Crises, Money and Economists).

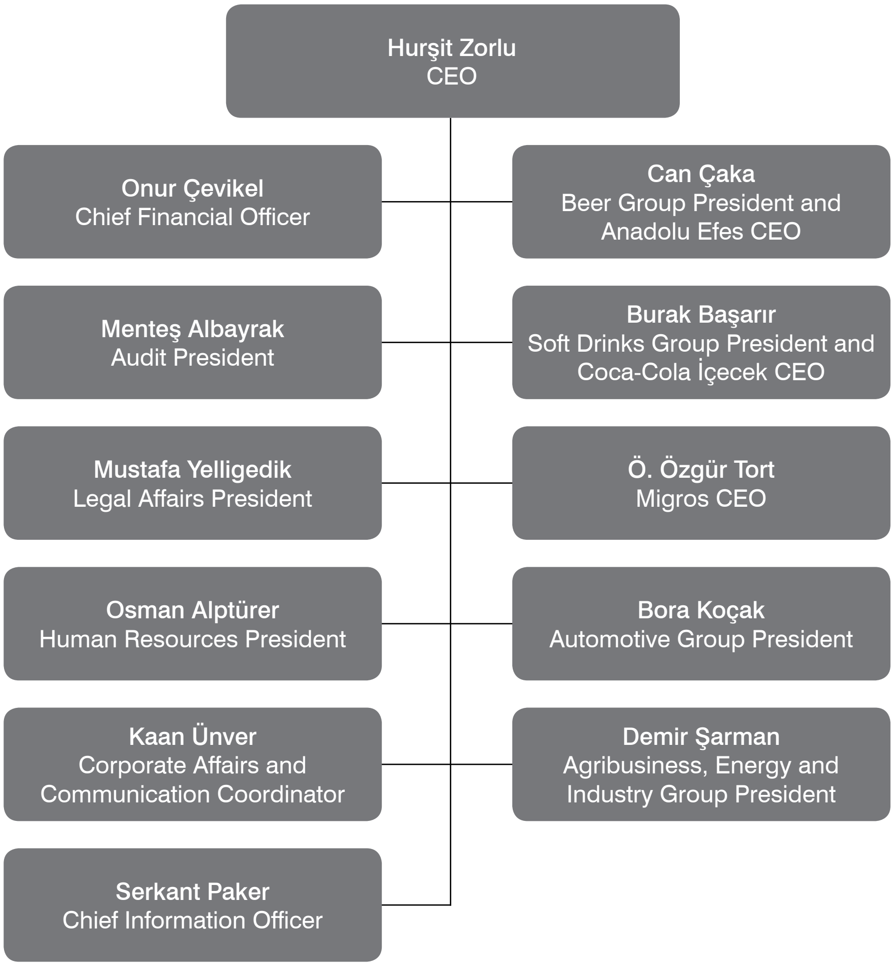
Fatma Aslı Başgöz
Independent Board Member

Aslı Başgöz graduated from the Department of Economics and Politics from Indiana University and received her law degree from the Law Department of Michigan University. Being a member of Bar of New York, she was the first member of Global Executive Committee of White&Case LLP between 2007-2011 in its 100-year history. Başgöz works intensively in mergers and acquisitions. She has a vast experience of 35 years in merger, acquisitions and JV projects of many domestic and international companies from several sectors such as; banking and finance, energy and infrastructure, production, health and retail. She also has experience in project finance, international public offerings and international finance transactions. Başgöz is also a Board member of the International Investors Association (YASED), advisory board member of Financial Literacy and Inclusion Association (FODER). She is a member of the Turkish Industry and Business Association (TÜSİAD) and founding member of Global Relations Forum.

Ali Galip Yorgancıoğlu
Independent Board Member

A. Galip Yorgancıoğlu graduated from Galatasaray High School and then he studied at the Faculty of Business Administration at Boğaziçi University. He started his professional life at Phillip Morris as Marketing Manager of Marlboro Cigarettes. Later on, he worked as South East European Marketing Director at Diageo, Turkey and Eurasia Marketing Director at Coca-Cola, and then as Turkey General Manager at Burger King. In April 2004, he started to work as CEO of Mey İçki, which was founded after Tekel Alcoholic Beverages section has been privatized in December 2003. He continued to work as CEO of Mey İçki / Diageo Turkey until he retired on 30 September 2017. Yorgancıoğlu complies with all of the independent member requirements, defined in the Capital Markets Board (CMB) Corporate Governance Principles.

Organization Chart



Senior Management

Hurşit Zorlu
CEO

Onur Çevikel
Chief Financial Officer

Menteş Albayrak
Audit President

Serkant Paker
Chief Information Officer

Can Çaka
Beer Group President and Anadolu Efes CEO

Burak Başarır
Soft Drinks Group President and CCI CEO

Serdar Bölükbaşı and Ali Baki Usta resigned on 31 July 2019 and 27 August 2019, respectively.

Mustafa Yelligedik
Legal Affairs President

Osman Alptürer
Human Resources President

Kaan Ünver
Corporate Affairs and Communication Coordinator

Ö. Özgür Tort
Migros CEO

Bora Koçak
Automotive Group President

Demir Şarman
Agribusiness, Energy & Industry Group President

Senior Management

Hurşit Zorlu
CEO

Hurşit Zorlu holds a BSc degree in Economics from Istanbul University. Prior to joining Anadolu Group in 1984, he held various positions in Toz Metal and Turkish Airlines. Zorlu joined Anadolu Group as a Marketing Specialist at the Efes Beverage Group and held various positions including Assistant Marketing Manager, Assistant Project Development Manager, Project Development Manager and Business Development & Investor Relations Director. Zorlu held the position of Chief Financial Officer (CFO) for Efes Beverage Group between 2000-2008 and the position of CFO for Anadolu Group between 2008-2013. In January 2013, Zorlu was appointed as Deputy CEO and as of February 2017 he is appointed as CEO of Anadolu Group. He is also the Board Member of various Anadolu Group companies. Zorlu is a board member of DEİK Outbound Investment Business Council, Board Member of the Turkish Investor Relations Association (TÜYİD) and served as the 8th Term Chairman of the Corporate Governance Association of Turkey (TKYD) between 2015-2017.

Onur Çevikel
Anadolu Group Chief Financial Officer

Onur Çevikel graduated from Istanbul University Business Administration (English) faculty in 1993. He started his career as a Finance Specialist at Ermenegildo Zegna Giyim Sanayi ve Ticaret A.Ş. He joined Anadolu Group in 1995 as a Finance Specialist at Efes Beer Group. Çevikel continued his career holding positions such as Finance Manager at Coca-Cola Kuban Bottlers, Finance Manager at Coca-Cola Rostov Bottlers, Finance Director at Efes Russia, Operations Director at Efes Russia. Following the announcement of the strategic alliance with SABMiller Plc. in 2011, he was appointed as Integration Director leading the integration team coordinating the integration activities in Russia. He served as Anadolu Efes Chief Financial Officer between January 2013 - December 2018. In January 2019, he was appointed as the Chief Financial Officer of Anadolu Group.

Menteş Albayrak
Audit President

After finishing Kadıköy Anatolian High School in 1991, Menteş Albayrak graduated from Economics department at Istanbul University in 1995. In 2007, he received his post graduate degree, Executive (MBA) from Sabancı University. He started to work in Anadolu Endüstri Holding in 1995. He served in various Anadolu Group companies and assumed finance and audit roles between 1995-2018. Starting from 2018, he has been working as Audit President of AG Anadolu Grubu Holding A.Ş. While serving profession's roles; Albayrak acted as Board Member and Vice President of The Institute of Internal Auditing - Turkey (TİDE) between 2010-2016. He also assumed the Chairman of the Board role at The Institute of Internal Auditing - Turkey (TİDE) between 2016-2018. Additionally he was a member of Public Affairs Committee of European Confederation of Internal Auditors (ECIIA) between 2014-2016. Since 2019 he is serving at TEİD (Turkish Ethics and Reputation Society) as Board Member and Treasurer.

Mustafa Yelligedik
Legal Affairs President

Mustafa Yelligedik finished Darüşşafaka High School in 1990. He graduated from Ankara University Faculty of Law. He completed Sports Law Program at Kadir Has University Faculty of Law in 1994 and General Management Program as Bled School of Management in Slovenia in 2008. He started his career at Anadolu Group in 1997 as a Lawyer at Efes Beverage Group. In the Legal Affairs Department he took the positions of Lawyer, Legal Affairs Manager, Legal Affairs Assistant Coordinator and Legal Affairs Coordinator, respectively. Yelligedik has been the Legal Affairs President since 1 February 2018.

Osman Alptürer
Human Resources President

Osman Alptürer completed Moda High School in 1984. He graduated from Marmara University Economics Department in 1989 and obtained Postgraduate Diploma in Economics from University of Surrey, UK in 1992. He began his career in our Group as an operation specialist at Efestur Turizm İşletmeleri A.Ş. between 1993-1994. He continued his career in our Group, at Anadolu Endüstri Holding, Honda Türkiye and Efes Beverage Group respectively. Alptürer currently holds Anadolu Group Human Resources President position.

Kaan Ünver
Corporate Affairs and Communication Coordinator

Following his undergraduate degree of Business Administration at Hacettepe University, Kaan Ünver received his MBA from the Department of Actuary at College of Insurance in New York. He began his career as an investment and finance specialist at Undersecretariat of Turkish Treasury Head Office of Government Business Enterprises. Between 2002-2004, he undertook the role of the Head of Domestic Debt Department at Undersecretariat of Treasury General Directorate of Public Finance. Before joining our Group, Ünver worked as Corporate Affairs Manager at Philip Morris/Sabancı between 2004-2009, Corporate Affairs Division Head at Turkcell between 2009-2011 and Metro Group Head of Country Representative Office between 2011-2017. He works as Anadolu Group Corporate Affairs and Communications Coordinator since October 2017. Ünver holds various positions as board member and working group chairman at Turkish Industry & Business Association (TÜSİAD), Foreign Economic Relations Board (DEİK), The Union of Chambers and Commodity Exchanges of Turkey (TOBB) Retail Council and Food Retailers Association (GPD).

Senior Management

Serkant Paker
Chief Information Officer

Serkant Paker graduated from the Electronics and Communication Engineering Department of Istanbul Technical University in 1995 and started his career in Hürriyet Gazetecilik A.Ş. as Technical Supervisor. Between 1998 and 2014, he worked at Coca-Cola İçecek A.Ş. as Information Systems and Technology Specialist, Business Systems Group Project Leader, Business Systems Infrastructure & Technology Manager and Business Solutions Group Manager respectively. In March 2014, he was appointed as Anadolu Efes Information Systems Director and in October 2014, was appointed as Anadolu Efes Business Solutions Technologies Director. In July 2015, he was appointed as Anadolu Group Chief Information Officer and still maintains this position.

Can Çaka
Beer Group President and Anadolu Efes CEO

Can Çaka received bachelor of science degree from the Electrical and Electronic Engineering Department of Middle East Technical University in 1994 and his postgraduate degree from the Administrative Sciences Department of the same university in 1998. He started his career as a Business Analyst and Systems Engineer in 1994 and has worked at various companies and was involved in various projects. He joined Anadolu Group in 1997 and worked as Finance Specialist until 2000, Finance and Administrative Affairs Manager at the Efes Ukraine between 2000-2001, Efes Beer Group Strategy and Business Development Manager between 2001-2005, Efes Beer Group Strategy and Business Development Director between 2005-2008 and Chief Financial Officer (CFO) of Anadolu Efes between 2008 -2012. Çaka worked as the Chief Financial Officer (CFO) of Anadolu Group between 2013-2018. He was appointed as the Beer Group President and Anadolu Efes CEO as of 1 January 2019.

Burak Başarır
Soft Drinks Group President and Coca-Cola İçecek CEO

Burak Başarır, CEO of CCI, joined the company in 1998 and assumed increasing managerial responsibilities in finance and commercial functions. He was named CFO in 2005 and has played an integral role during CCI's IPO process and effectively managed the financial integration of Efes Invest with CCI. He was recognized as Best CFO in Turkey by Thomson Reuters Extel in 2009. He led the largest operation of CCI in terms of volume and sales as the Turkey Region President between 2010 and 2013. Başarır was appointed as CEO in January 2014. He was honored with the "Best CEO" award in the beverages category by the international research group Institutional Investor in 2019. He has more than 20 years of work experience.

Başarır holds a BA in business administration and a minor in computer sciences from American River College. He studied management at California State University of Sacramento and received a BSc degree in business administration from Middle East Technical University. He is a member of the Turkish Industry and Business Association (TÜSİAD) and Turkey-US Business Council (TAİK).

Ö. Özgür Tort
Migros CEO

Ö. Özgür Tort joined Migros Group in 1996 at Business Development Department. He leaded the services of Project Management, International Investments Coordination and Customer Relationship Management (CRM). He worked in Russia as Chief Operations Officer of Migros' subsidiary between 2002 and 2006. In 2006 moved back to Migros as Chief Human Resource Officer. Regarding his career of mastering all the dimensions of retail management, he became the Chief Executive Officer in Migros Group in 2008. Ö. Özgür Tort is a board member of the Consumer Goods Forum which is the largest retailer and brand manufacture organization in the world since 2013. He was appointed as Vice Co-Chair in 2017, and he is Co-Chair of the Consumer Goods Forum since 2019. Tort is an Industrial Engineer graduated from Istanbul Technical University and he holds an MS degree specializing in Engineering Management Missouri University of Science and Technology.

Bora Koçak
Automotive Group President

Bora Koçak graduated from the Turkish Naval Academy, Department of Mechanical Engineering. In the following years after his graduation, Koçak received education in the Advanced Management Program at Harvard Business School. Serving as Chief Technician Officer in the technical management positions at the Naval Forces between the years 1989-1996, Koçak later started working in the automotive industry. Since 1996, he gained experience in Çelik Motor as Chief Trainer, After-Sales Services Chief, and After-Sales Services Manager. He became the KIA Product Manager and then KIA-Honda-Lada Product Manager between the years 1999-2005. As for the years between 2005-2008, he served as the General Manager of Citroen Baylas Otomotiv. He was the General Manager (Turkey) of Mazda Motor Europe from 2008 to 2010. Appointed as the General Manager of Çelik Motor in April 2010, Koçak continued his duty until July 2016. Since August 2016, Koçak holds the office of President for Anadolu Group, Automotive Group.

In addition, he is vice president and board member of MESS and ODD; board member and executive committee member of TİSK.

Demir Şarman
Agribusiness, Energy and Industry Group President

Demir Şarman graduated from Middle East Technical University, Department of Economics. He has an MBA degree from University of Chicago and is also a Certified Public Accountant. Starting his career in 1993 as a Financial Audit Specialist at Arthur Andersen Turkey, Şarman joined Anadolu Group's Beverage Division (Anadolu Efes) in 1997 as a Financial Controller. Between 1997-2009, Şarman held various positions at Anadolu Efes including CFO of Efes International and Group's Strategy and Business Development Director. Şarman served as the Chief Executive Officer of Anadolu Etap since its incorporation. He assumed the main responsibility of the energy group companies of the Group in April 2019. With the addition of retail and real estate companies of the Group to his area of responsibility, Şarman was appointed as Anadolu Group Agribusiness, Energy and Industry Group President as of the 1st of July 2019.

Operational Assessment

Beer

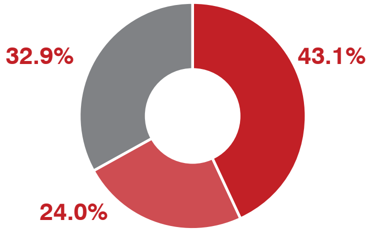
Anadolu Efes supplies its range of beer brands to about 400 million consumers.

Operational Assessment
Beer

ANADOLU EFES

Anadolu Efes

Shareholding Structure



- AG Anadolu Grubu Holding
- AB InBev Harmony Ltd
- Free Float

Founded	1969
BIST code	AEFES.IS
2019-end market cap.	TRL 13,666 million

2019 market shares & rankings		
Turkey	57%	1st
Russia	28%	1st
Ukraine	32%	1st
Kazakhstan	51%	1st
Georgia		1st
Moldova		1st

With twenty-one breweries, six malteries, one hop processing, and one preform manufacturing plant, Anadolu Efes conducts its alcoholic beverages market operations in six countries: Turkey, Russia, Kazakhstan, Georgia, Moldova, and Ukraine. The company supplies its range of beer brands to about 400 million consumers.

Starting out initially with two breweries in Turkey, Anadolu Efes quickly established itself as the leader of the Turkish market. An important turning-point in Anadolu Efes's history occurred in the 1990s when the company decided to expand its operations abroad. Anadolu Efes's international operations are the responsibility of Efes Breweries International NV (EBI), a wholly-owned subsidiary based in Holland. Anadolu Efes also controls a majority stake in Coca-Cola İçecek A.Ş. (CCI), which is responsible for Coca-Cola operations in Turkey and some other countries.

As measured by sales volume, Anadolu Efes is Turkey's biggest, Europe's fifth biggest, and the world's tenth biggest beer producer. As of end-2019 the company had annual brewing and malting capacities of 49.0 million hectoliters and 354 thousand tons respectively.

Aware of its standing as one of biggest assets Turkey has created, Anadolu Efes gives maximum attention to its social responsibilities and has made a point of behaving as a good corporate citizen ever since the day it was founded. Anadolu Efes contributes to social sustainability by supporting local development through the creation of viable models in the areas of agriculture and tourism on the one hand and by supporting social and cultural wellbeing through its activities in such areas as theater, cinema, and sport on the other.

Turkey Beer Operations

Anadolu Efes's Turkish beer operations commenced in 1969 at two breweries, one in İstanbul and the other in İzmir. Today the company is Turkey's leading beer producer with three breweries in Ankara, İzmir, and Adana; two malteries in Afyon and Konya; and one hop processing plant in Bilecik. As the Turkish brewing industry's leader for almost half a century, Anadolu Efes is the maker of Efes Pilsen, the beer brand that

As measured by sales volume, Anadolu Efes is Turkey's biggest, Europe's fifth biggest, and the world's tenth biggest beer producer.

comes first to consumers' minds in Turkey. Anadolu Efes's annual production capacity in Turkey is 7.0 million hectoliters of beer and 115 thousand tons of malt.

Turkey's fast-moving consumer goods sector was adversely affected by weak demand caused by macrolevel dynamics and by the low consumer confidence associated with them. This situation was likewise reflected in the beer sector, which suffered from both reduced product affordability and depressed sales volumes.

Total sales (including exports) generated by our Turkish beer operations in all of 2019 amounted to 5.4 million hectoliters, which corresponds to a year-on decline of 5.2%. Anadolu Efes controlled a 15% share of all beer sales in Turkey as measured by volume last year.

International Beer Operations

Anadolu Efes's Russian operations, which began with the onset of production at the Moscow-Efes Brewery in 1999, make the biggest contribution to the company's international operations. That performance was augmented by the acquisition of the Krasny Vostok beer group (at the time Russia's 7th biggest beermaker) in 2006 and by a strategic collaboration with SABMiller that it entered into in 2012. As a result of the acquisition of SABMiller by Anheuser-Busch Inbev (AB InBEV) in 2017, the latter company now controls a 24% stake in Anadolu Efes. In the first quarter of 2018, Anadolu Efes's Russian operations and AB InBev's Russian and Ukrainian operations were all brought together under the single control of AB InBev Efes BV. Carrying out its international operations in Russia with eleven breweries (Kaluga, Kazan, Novosibirsk, Ufa, Ulyanovsk, Vladivostok, Klin, Volzhskiy, Omsk, Saransk, Ivanovo) and four malteries, Anadolu Efes is the leader in the Russian beer market today. The company's annual production capacity in Russia is 29.8 million hectoliters of beer and 229 thousand tons of malt.

Having been brought under the control of AB InBev, the company's Ukrainian operations have an annual beer production capacity of 6.4 million hectoliters at three breweries (Chernihiv, Kharkiv, Mykolaiv).

The second biggest market in Anadolu Efes's international beer operations after Russia and Ukraine is Kazakhstan, which is also one of the most important for the company. Anadolu Efes first entered the Kazakhstani market when it acquired a newly-privatized brewery in Karaganda in 1996. The company expanded its operations in the country with the opening of a new brewery in Almaty in 2003. Today Anadolu Efes remains the country's market leader with both breweries still in operation. Anadolu Efes's annual production capacity in Kazakhstan is 2.4 million hectoliters of beer. Anadolu Efes has also been conducting beer operations in Moldova ever since entering the country in 2003 with its acquisition of a brewery in the city of Chisinau. Today the company is the undisputed leader of the Moldovan market with an annual production capacity of 1.3 million hectoliters.

Anadolu Efes entered the Georgian market in 2008 when it acquired Lomisi, the country's leading local brewery at the time. Continuing its operations at its brewery in Natakhtari, Anadolu Efes is the market leader in the country with an annual production capacity of 1.4 million hectoliters.

Total sales generated by our international beer operations in all of 2019 amounted to 30.8 million hectoliters, which corresponds to a year-on increase of 8.1%. While Russia and Ukraine contributed essentially to this strong growth, Georgia's contribution to it last year was by no means insubstantial. It is thought that the overall growth rate in Russia's beer market was somewhere in the low single-digit range in 2019, whereas our own was at the high end of the same range; this is what made it possible for us to steadily gain market share from the very outset of the year. Two other factors that played an influential role in our strong performance in Russia were the successful integration of operations following the AB InBev merger and efforts to boost net sales revenues. In Ukraine, our operations outperformed both expectations and market averages all year long thanks in part to successful Efes brand launches. In Kazakhstan, we managed to defend both sales volumes and market share even in the face of tough market competition and macroeconomic challenges. In Georgia and Moldova, our market leadership continued last year thanks to a focus on brands, to launches of main brands, and to point-of-sale initiatives.

Operational Assessment

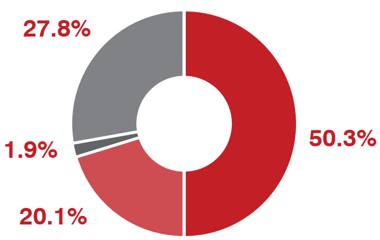
Soft Drinks

With 26 bottling plants and an annual bottling capacity of 1.3 billion unit cases, CCI is the seventh biggest bottler in the Coca-Cola system as measured by total sales volume.

Operational Assessment
Soft Drinks

Coca-Cola İçecek (CCI)

Shareholding Structure



- Anadolu Efes
- TCCC
- Özgörkey Holding
- Free Float

Founded	1969
BIST code	CCOLA.IS
2019-end market cap.	TRL 9,844 million

2019 sparkling beverages market shares & rankings

Turkey	66%	1st
Pakistan	48%	2nd
Iraq	42%	2nd
Jordan	20%	2nd
Kazakhstan	51%	1st
Kyrgyzstan	70%	1st
Azerbaijan	86%	1st

Source: Nielsen for Turkey and Kazakhstan; Canadean for Pakistan, Iraq, Jordan and Azerbaijan; Ipsos for Kyrgyzstan
* Nielsen (As of December 2019)
** Canadean (As of November 2019, Azerbaijan: As of September 2019)
*** Ipsos (As of December 2019)

Anadolu Efes controls a 50.3% stake in Coca-Cola İçecek (CCI), which is primarily responsible for carrying out domestic and international soft drinks operations. The company engages in the production, sale, and distribution of sparkling and still (non-sparkling) beverages bearing The Coca-Cola Company (TCCC) brand in ten countries: Turkey, Kazakhstan, Azerbaijan, Kyrgyzstan, Turkmenistan, Jordan, Iraq, Syria, Pakistan, and Tajikistan. With 26 bottling plants and an annual bottling capacity of 1,642 million unit cases, CCI is the seventh biggest bottler in the Coca-Cola system as measured by total sales volume.

Besides supplying 400 million consumers with sparkling beverages, CCI also offers a broad portfolio of still beverages consisting of fruit juices, water, energy and sports drinks, iced teas, and teas. The company employs nearly 8,500 people in the conduct of its operations.

CCI's consolidated sales increased by 0.1% year-on in 2019 and amounted to 1,316 million unit cases. However the growth rate in the company's core categories* was a slightly better 0.6% and when its Turkmenistan operational results are factored out, the year-on rate of growth in consolidated sales was 1.4% in 2019. The biggest contributors to 2019 sales growth were sparkling beverages (up 0.3%) and still (non-sparkling) beverages (up 5.1%). On the other hand, sales declined year-on in the water (down 0.1%) and tea (down 4.9%) categories. Approximately half of all of the company's total sales in 2019 were from its Turkish operations, with all international operations combined contributing the other half.

* "Core business" relates to CCI's business excluding tea distribution.

In 2019 CCI's consolidated sales volume reached 1,316 million unit cases.

Turkey Soft Drinks Operations

Total sales in the company's Turkish soft drinks operations were up by 1.8% as in 2019 with 662 million unit cases being sold. Sales volumes in all categories other than teas and fruit juices registered gains last year, with the overall growth rate in core categories weighing in at 3.2%. Sales of sparkling beverages, which grew by 5.7% in 2019, were up again (by 3.8%) in 2019, reaching the highest level of sales registered so far. The growth trend in the small-pack sparkling beverage category also continued last year: they accounted for 25% share of all sparkling beverage sales in 2019 while the 9% increase in the number of packs sold was above the overall average. 2019 growth was driven mainly by the on-premise consumption channel, whose own growth is being driven in turn by the arrival of new customers. Other factors that supported volume growth were cold drink equipment installations, ongoing media investments, and successful marketing efforts. While the sugar-free/low-calorie segment registered a 5.9% rate of growth, that segment's share of total sparkling beverage sales also continued to increase. After having racked up a 20% rate of growth in 2018, sales in the still beverages category were up by 3.1% in 2019, a performance to which an 11.5% rise in the iced tea category contributed significantly. In the water category, the year-on rise was 1.6%, largely due to small-pack sales contributing a bigger share of total sales. In the tea category, there was a 5% decline in volume.

International Soft Drinks Operations

Turning now to the company's international soft drinks operations, sales were down by 1.5% in 2019 and amounted to 654 million unit cases. Two factors contributing to this performance were a slowdown in sales in Pakistan and the ongoing suspension of production in Turkmenistan. Having grown by a strong 7.3% in 2018, sales in Pakistan were down by 7.8% in 2019. Sales suffered from weak macroeconomic conditions and stiff competition all year long. In CCI's Middle East operations, sales were down by 1.7%. In its Central Asia operations, the overall year-on increase in sales on the other hand was 9.0%, with double-digit growth rates being registered in every market other than Turkmenistan.

Operational Assessment

Migros Group

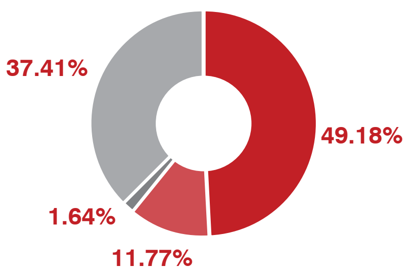
Migros delivers "Migros quality, Migros confidence, and exceptional Migros service" at the most affordable prices to customers in stores located in all 81 of Turkey's provinces.

Operational Assessment
Migros Group

MiGROS

Migros

Shareholding Structure



- MH Perakendecilik
- Kenan Investments
- Migros Ticaret A.Ş.
- Other

Founded	1954
BIST code	MGROS.IS
2019-end market cap.	TRL 4,385 million

While continuing to grow strongly all the 81 provinces of in its home market, Migros also serves shoppers in Kazakhstan and Macedonia through its Ramstore brand. As Turkey's first and still its most widely-accessible online food retailer, Migros Virtual Market also introduced the "Mobile Market" and "Multichannel" concepts to the Turkish retailing industry.

The 137 new stores that Migros opened in 2019 expanded the company's home-market footprint, bringing the total number in the chain to 2,153. With the addition of its 45 stores in Kazakhstan and North Macedonia, the company is now conducting its retailing operations at 2,198 premises.

Migros serves its customers with a rich selection of product offerings, innovative practices, service quality, and family-budget-friendly competitive prices.

Thanks to its expertise in perishables retailing, Migros sells more fresh produce and meat & dairy products than any other retailer in Turkey. Grounding its support for agriculture in the principle of "Healthy Production & Healthy Society", Migros continues to educate farmers and to contribute to sustainable agriculture in order to keep on supplying its customers with food products that conform to Good Agricultural Practices (GAP). By insisting that the poultry and raw-milk products which it sells be GAP-compatible too, Migros invests significantly in freshness in order to make it easier for people to have access to food that is wholesome. Migros is the only food retailer in Turkey that owns and operates a meat-processing plant of its own. At MİGET, Turkey's biggest integrated meat-processing plant, meat that can be trusted, is wholesome, and whose source is known must make it through 220 quality-control checkpoints before it is shipped to Migros stores located all over the country. Migros is the first–and still the only–retailer to sell heirloom fruits and vegetables that are native to Turkey under a project being carried out jointly with the Ministry of Agriculture and Forestry. Through its "Anatolian Flavors" project, undertaken for

Blending its 65 years of know-how in traditional retailing with the innovations being made possible by the revolution in digital technology, Migros is providing its customers with a "future-of-retailing" shopping experience today.

the same purpose, Migros searches the whole country for traditional foods and crops whose production has all but ceased in many cases, supports resumption of their production, and helps introduce them to new generations by selling them in its stores.

Blending its 65 years of know-how in traditional retailing with the innovations being made possible by the revolution in digital technology, Migros is providing its customers with a "future-of-retailing" shopping experience today. Having also integrated digitalization into all of its business processes in order to make sure that its growth is both productive and sustainable, Migros is the only food retailer in Turkey to have its own R&D center.

Migros Virtual Market, Turkey's biggest and most accessible online food-retailing website and its associated mobile app have been given a makeover and now serve online shoppers in 58 provinces. Migros Now, a newly-introduced service, delivers online orders to customers' doors within 30 minutes of their placement yet still at the same affordable Migros prices. Thanks to its Migros Virtual Market, Migros Now, Tazedirekt, and Macrocenter websites and mobile apps and to collaborations such as its Trendyol agreement, Migros is able to reach customers through many different channels in addition to its physical stores.

Through its Money loyalty program, Migros offers its 12 million customers a wide range of personalized "Meant For Me" campaigns and products. This loyalty program works in tandem with Migros's "Journey to Healthy Living" project, which was launched in 2018 to promote balanced nutrition, by making personalized recommendations about product groups that customers appear to be consuming less than ideal amounts of. Since its launch, Journey to Healthy Living has reached 1.5 million people.

In addition to the physical growth that it realized in 2019, Migros also began offering new services that its customers might need. Last year the Money program joined forces with BELBİM, an electronic money and payment services company owned by İstanbul Metropolitan Municipality, in a project that gives users of BELBİM's Istanbulkart (a contactless smart card for fare payments on public transport in İstanbul) all the benefits of the Money program when they present their card at a Migros checkout. Thanks to system integration, Istanbulkart holders can also use their cards to pay for Migros store purchases and top the cards' balances up when checking out. Another Migros-provided convenience is a store-to-store money transfer service that lets customers transfer money from one store to another every day of the week during store opening hours. The Mkolay feature added to Migros's mobile app makes shopping quicker and more convenient by minimizing the amount of time it takes a shopper to move through checkout counters. The Migros Family Clubs that Migros organizes in collaboration with county-level public education centers support social wellbeing through 92 personal development and vocational courses that are conducted at 27 Migros store locations.

In 2019 Migros created 5,000 new jobs and had more than 32,000 people on its payroll as of year-end. 40% of Migros's employees are women, as are 28% of its management-level personnel. Last year Migros stood fourth and third respectively in rankings of companies in Turkey based on the percentages of their blue- and white-collar employees who are women.

Migros's efforts on behalf of sustainability once again made it the only food retailer whose shares qualify for inclusion in the Borsa İstanbul Sustainability Index for the sixth year in a row. Migros's shares continued to be included in the BIST Corporate Governance Index as well last year. With the "A-" grade that it received in 2019 for its reporting to the Carbon Disclosure Project's climate change program, Migros ranks among Turkey's top contributors to efforts to combat climate change. In an independently-conducted "Turkey's Most Admired Companies" survey, Migros likewise headed the "Turkey's Most Admired Retailers" list.

Operational Assessment

Automotive Group

Anadolu Group’s automotives division collaborates with world-leading names Isuzu, Kia, Lombardini, Honda, Honda Marine, and Landini.

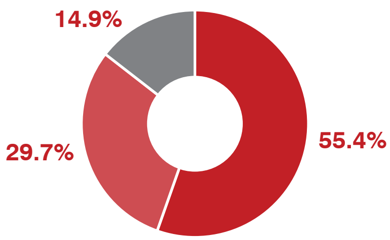
Operational Assessment

Automotive Group

ANADOLU ISUZU

Anadolu Isuzu

Shareholding Structure



- AG Anadolu Grubu Holding
- Isuzu&Itochu
- Other

Founded	1980
BIST code	ASUZU.IS
2019-end market cap.	TRL 1,022 million

Focusing on the commercial vehicle segment of the automotive market, Anadolu Isuzu offers a strong product line, provides effective after-sales services, and is the hub of an extensive dealership and service network. One of Turkey's leading manufacturers of trucks, light trucks, midibuses, buses and pickups, Anadolu Isuzu remains a strong performer in export markets as well.

Anadolu Isuzu's journey of sustainable growth began in 1965 with its initial production of light trucks and motorcycles. The company continued to make Skoda light trucks until 1986. Anadolu Isuzu acquired its current name when it entered into a licensing agreement with Isuzu Motors Ltd in 1983. Turning out its first commercial vehicles under this agreement in 1984, since then Anadolu Isuzu has been steadily expanding its operations and product range as a publicly-traded company in which Anadolu Group, Isuzu Motors Ltd and Itochu control stakes. Focusing on the commercial vehicle segment of the automotive market, Anadolu Isuzu offers a strong product line, provides effective after-sales services, and is the hub of an extensive dealership and service network. One of Turkey's leading manufacturers of trucks, light trucks, midibuses, buses, and pickups, Anadolu Isuzu remains a strong performer in export markets as well.

Besides making commercial vehicles, Anadolu Isuzu also markets them. A 300 thousand m^2 plant located in Çayırova's Şekerpınar district east of İstanbul, from which the company conducts its operations, has a single-shift production capacity of 19 thousand vehicles a year. The high level of locally-sourced content in Anadolu Isuzu's output makes it a commercial-vehicle maker that's pointed to as a model for others in Turkey to emulate. The Isuzu Monozukiri (IM) certification of superior production and quality management, which the company's truck and bus plant holds, was once again renewed in 2019, making Anadolu Isuzu the owner of the only truck-making plant in Europe and the only bus-making plant in the world to be so qualified.

The export revenues of nearly USD 144 million represent the highest 12-month export volume achieved by Anadolu Isuzu in the last 25 years.

R&D and innovation competencies are also crucial elements that underpin Anadolu Isuzu's rightful success in the production of commercial vehicles. Active in a business line that is intensely technological, Anadolu Isuzu keeps a close watch on emerging and fast-changing consumer trends and customer expectations. Developing technologies, designs, and practices whose intellectual property rights are entirely its own, the company transforms them all into products that are exactly what customers want. Anadolu Isuzu's R&D and innovation competencies also provide valuable leverage from the standpoint of its made-to-order/custom-design and manufacturing capabilities and they play a key role in its ability to enhance the customer value that it creates.

A VAT rate-cut provided by the government and low-interest relief provided by state banks last year helped prevent the contraction in Turkey's domestic demand from being more than it was in 2019. By further strengthening its home market position through effective and proactive marketing and sales campaigns, Anadolu Isuzu succeeded in keeping the contraction in its own business below the sector's average. As of end-2019, Anadolu Isuzu controlled a 30.9% share of Turkey's midibus market segment and market shares of 10.9%, 7.4%, and 5.6% in the truck, pickup, and light truck segments respectively.

Serving customers through 29 sales and 99 service outlets in Turkey, Anadolu Isuzu also entered into distributorship agreements spanning 40 countries. As a result of last year's roadshows, participation in a large number of international fairs, and effective marketing and sales efforts, Anadolu Isuzu exported a total of 1,523 vehicles in 2019. The export revenues of nearly USD 144 million that these sales generated represent the highest 12-month export volume achieved by the company in the last 25 years.

Continuing to increase its effectiveness in the international arena, Anadolu Isuzu has sold more midibuses abroad than any other member of the Turkish automotive industry. The company continues to play an active role in export markets with the Isuzu Novociti Life, a model that quickly proved to be highly successful following its launch in Turkey. In the wake of sales to Poland, Italy, Greece, and France, the company shipped the largest-ever Isuzu Novociti Life order to Tiflis municipality in Georgia. Taking part in the Busworld Brussels 2019 fair with nine different models, Anadolu Isuzu made its first appearance with a group display of alternative-fuel vehicles revealing the future of eco-friendly mass public transport. After rolling out the NQR 90, a truck model destined for the European market, Anadolu Isuzu began exporting large numbers of them as well.

Anadolu Isuzu adheres to an environmental policy which states that the company consistently strives to protect the environment by constantly improving the environmental performance of its production operations, products, and services; by preventing environmental pollution at source in ways that do not impair natural assets but do comply with the requirements of laws and regulations and satisfy the expectations of all parties concerned, and by approaching and dealing with environmental-management issues systematically and sustainably.

Anadolu Isuzu has published its first sustainability report setting out what it is doing to fulfill its mission of leaving a more livable world for future generations.

One of Anadolu Isuzu's constant objectives is to ensure the sustainability and continuous development of a healthy and safe workplace environment. Having committed itself to a "people first" approach, Anadolu Isuzu focuses on providing its employees with decent working conditions regardless of their language, religion, race, or gender.

In late 2018 Anadolu Isuzu's commercial vehicle manufacturing and R&D strengths made their first appearance in Turkey's defense industry under its new "Anadolu Savunma" brand. At IDEF 2019, the 14th defense industry fair held in İstanbul, the company showed off a group of its "Seyit"-badged heavy-duty military logistical-services trucks developed by Turkish engineers employed in its own R&D center. The company intends to further develop its competencies in the production of tactical wheeled vehicles for sale both in its home market and abroad.

Operational Assessment

Automotive Group

ÇELİK MOTOR

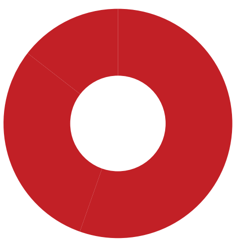
KIA

Garenta

ikinciyeni.com

Çelik Motor

Shareholding Structure



AG Anadolu Grubu Holding

Founded	1960

Blending solid manufacturing experience with leading-edge business processes suitable for the digital age, Çelik Motor is taking its automotive-industry expertise into the future with its KIA, Garenta, MOOV by Garenta, and ikinciyeni.com brands.

KIA

Having first introduced South Korea's Kia Motors vehicles to consumers in Turkey in 2001, Çelik Motor's experience as a distributor for other motor vehicle brands has given the Kia name a strong position in the Turkish market. Kia today conducts its operations through 39 authorized dealers and 47 authorized service outlets located around the country.

In a market suffering from shrinking demand, in 2019 Kia sold a total of 6,342 units consisting of 4,987 automobiles and 1,355 Bongo-badged light commercial vehicles.

Having brought Kia's iconic Sportage crossover SUV into the country for the first time in December 2018, Çelik Motor introduced the third-generation Ceed during the first quarter of 2019 and, towards the end of the year, the XCeed (Kia's new compact SUV) as well. Summoning car lovers to explore the world of Kia Motors, Çelik Motor sells more than ten of the manufacturer's vehicles in Turkey.

For the fifth year in a row, Kia-made economy-class vehicles ranked first in the 2019 "Highest Quality" list published annually by J. D. Power, a respected data analytics and consumer intelligence company, based on feedback from 76,256 verified owners of 257 vehicle models in 27 different segments. Kia's Rio, Sportage, Cerato, and Sedona models each outshone the competition in their respective segments.

With all-electric and hybrid cars high on the global automotives industry's agenda,

Kia is also working without letup on the development and production of such vehicles as well. Kia first ventured into this highly-competitive market with its E-Niro and E-Soul models in 2014 and is continuing to strengthen its presence there.

Çelik Motor's MOOV by Garenta brand achieved a first in Turkey's vehicle-sharing sector by racking up nearly a million rentals in just a year while its ikinciyeni.com brand has become the gold standard of Turkey's second-hand vehicle market.

Garenta and ikinciyeni.com

Turkey's oldest-established automotive brand with six decades of experience, Çelik Motor embarked upon the 21st century with an awareness of the winds of change and innovation that were stirring up the automotives ecosystem. In 2014 the company moved boldly into Turkey's corporate rent-a-car market with Garenta, the country's first domestically-owned national brand in that business line. In 2016, all of the Anadolu Group's vehicle leasing and rental operations were brought together under the Garenta name.

Having continued to explore and invest in mobility, shared-vehicle, sharing-economy, and digitalization-related concepts for many years, Garenta attracted particular attention with its MOOV by Garenta brand, the first vehicle-rental service of its kind in Turkey. Starting out with a fleet of 700 cars in September 2018 and offering İstanbul drivers genuine "pick-up anywhere & drop-off anywhere in the city" convenience, in the short space of just a year the company racked up nearly a million rentals. MOOV by Garenta today operates a fleet of 1,600 cars as its service footprint continues to expand. In search of ways to deal with İstanbul's parking problem, MOOV by Garenta entered into an agreement with İSPARK, a parking facility operator in which İstanbul's metropolitan municipality controls a stake. Under this agreement, MOOV by Garenta customers are not charged parking fees for vehicles left at İSPARK facilities.

Garenta DAY, which rents vehicles on a short-term basis, began offering agencies in 2019. The 26 new agencies that it opened last year expanded the company's presence into more cities and increased the size of its service network. Taking advantage of Çelik Motor's sixty years of knowledge and experience, Garenta DAY provides its agency investors with a chance to own a business with a profitable business model.

In keeping with its innovative vision, Çelik Motor accelerated its investments in digital technologies in the 2010s. In 2013 it launched ikinciyeni.com, Turkey's first online-auction website for buying and selling secondhand vehicles. In the years since then, more than TRL 5 billion worth of second-hand motor vehicles have been bought and sold through ikinciyeni.com, more than 8.2 million bids have been submitted, and more than 100 thousand vehicles have been sold. With about 20 thousand vehicles changing hands every year, ikinciyeni.com's online-commerce expertise and transparency have made it the gold standard of Turkey's second-hand market.

A unique feature of ikinciyeni.com is the transparency of the information that is provided about the vehicles that are bought and sold through its platform. Because it provides users with information based on actual sales, ikinciyeni.com is the only website of its kind in Turkey capable of addressing the secondhand market's true needs.

Both individual and corporate users may register to sell vehicles through ikinciyeni.com. In 2017 the website introduced sales on consignment, thus providing a marketplace for those wishing to sell their vehicles online in that way.

A new feature that was added to ikinciyeni.com in 2019 was "automatic bidding". This allows users to tell ikinciyeni.com's AI-based system the maximum amount they are willing to pay for a vehicle and the system automatically submits bids for them up to that amount. Another feature added to ikinciyeni.com last year was "reserve price", which gives those wishing to sell through the website the option of setting the lowest price that they are willing to sell their vehicle for.

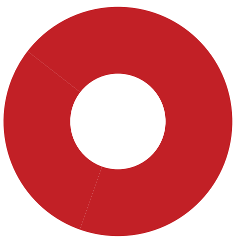
Operational Assessment

Automotive Group

ANADOLU MOTOR

Anadolu Motor

Shareholding Structure



AG Anadolu Grubu Holding

Founded	1965

One of its sector's leading firms with more than half a century of experience in engine manufacturing and marketing, Anadolu Motor started out manufacturing diesel engines under Lombardini license and it continues to make engines under its own brand, Antor.

Anadolu Motor makes and imports an extensive portfolio of hoeing machines, olive harvesting machines, motor pumps, and gasoline and diesel-engine generators under the Antrac brand. The company also acts as a distributor for products used in a range of sectors and applications that include Lombardini diesel engines, Honda power products, Honda Marine outboard motors, Ranieri seacraft, and Highfield inflatable boats.

In 2019 Anadolu Motor continued to strengthen its product portfolio with the addition of the Antrac 820 BS, a large hoeing machine whose engines and transmission it builds itself.

Having identified 69 countries as its export market, Anadolu Motor will be pursuing additional growth in the years ahead as well.

Seeking to make life easier for its customers by providing them with advanced-technology solutions and high-quality products, Anadolu Motor also serves them through an extensive network of dealers and authorized services located all over the country.

Aiming to make life easier for customers by providing them with advanced-technology solutions, Anadolu Motor provides customer care services through an extensive network of dealers and authorized services located all over the country.

Operational Assessment

Agribusiness, Energy & Industry

A revered tradition and the name that first comes to people's minds when they think about stationery in Turkey, Adel Kalemcilik is the owner of Europe's newest stationery and office supplies factory.

McDonald's has been working with Turkey's most respected and reputable food suppliers since the very first day it became operational in the country.

Adhering to sustainable agriculture principles, Anadolu Etap invests in the future of farming.

Anadolu Group has been involved in the energy sector since 2005.

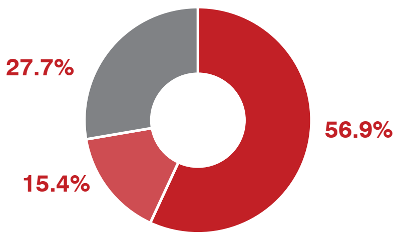
AND Real Estate is a real estate developer that specializes in office tower and housing estate projects.

Operational Assessment

Agribusiness, Energy & Industry

Adel Kalemcilik

Shareholding Structure



- AG Anadolu Grubu Holding
- Faber-Castell AG
- Free Float

Founded	1969
BIST code	ADEL.IS
2019-end market cap.	TRL 371 million

One of the best-recognized names in stationery supplies and a beloved national tradition, Adel Kalemcilik's journey in Turkey began with the opening of its factory in Kartal outside İstanbul in 1969. The well-known superior quality of Adel-manufactured writing implements and stationery supplies has made them an important and indispensable part of the education of many successive generations. Since its inception, Adel Kalemcilik has been working in tandem with Faber-Castell, the world's oldest maker of pens, pencils, and other office supplies. Since the strengthening of that partnership in 1995, the company has been continuing to undertake value-adding investments in Turkey without letup ever since.

As the owner of Europe's newest stationery and office supplies factory, Adel Kalemcilik is the biggest manufacturer (as measured by production volume and product range) in Turkey and its surrounding region in every category other than paper. Exporting what it makes to nearly sixty countries, Adel Kalemcilik supplies about 13% of Europe's wood-encased pencils.

As the owner of Turkey's most modern manufacturing plant, Adel Kalemcilik makes blacklead pencils, coloring and copying pencils, ballpoint pens, mechanical pencils and leads, fineliners, highlighters, markers, oil pastels, crayons, watercolors, erasers, finger paints, modelling compounds, gouaches, and more at its plant in Çayırova.

Backed by half a century of operational experience in Turkey, Adel Kalemcilik today markets and sells nearly 3,800 Faber-Castell, Graf von Faber-Castell, Adel, Adeland, Atlas, Max, and Panfix branded products either manufactured in or imported into the country. The importance given to product safety and quality is summed up in Adel's promise "We will never sell anything that we wouldn't let our own kids use".

Exporting to nearly sixty countries, Adel supplies about 13% of Europe’s wood-encased pencils.

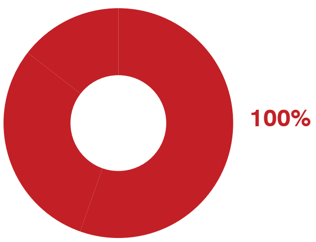
Having first ventured into toys manufacturing in July 2015 in keeping with its vision of making and offering high-quality toys that contribute to children’s development while also leading the way in nourishing the growth of a home-grown, national toymaking industry, by the end of 2018 Adel Kalemcilik held the stationery and toy-category licensing rights in Turkey to all of the most popular animated cartoon series broadcast by TRT, the Turkish Radio and Television Corporation.

In the conduct of all of its operations since the day it was founded, Adel Kalemcilik has also been striving to support sustainable projects whose aim is to be beneficial to its stakeholders and to society at large. As one of the biggest supporters of education and educational creativity, the company engages in numerous sponsorship and social responsibility projects that are in keeping with its core value of “goodness”.

Operational Assessment
Agribusiness, Energy & Industry

Anadolu Restoran İşletmeleri (McDonald's)

Shareholding Structure



AG Anadolu Grubu Holding

Founded	1986

With 36 thousand stores employing 1.8 million people in 119 countries, McDonald's is the world's biggest quick-service restaurant chain. According to the BrandZ Top 100 Global Brands survey, McDonald's is one of the world's top ten most valuable brands and the only fast-food company in a playing field that is dominated by global technology giants.

The world's leading quick service restaurant (QSR), McDonald's is a member of an intensely-competitive sector characterized by a host of restaurant, food stand, and other brands that offer internationally-standardized meals as well as local specialties, McDonald's remains a brand whose excellent supply chain processes, adherence to strict food safety and hygiene policies, imaginative and innovative approaches, and dynamic corporate culture which is both customer-focused and keeps pace with the needs of the times continue to make it a preferred choice among consumers.

Having opened its first restaurant in Turkey in 1986, McDonald's has been a member of Anadolu Group since 2005. With 253 restaurants in 42 of the country's provinces and about 7 thousand employees, McDonald's Turkey today serves more than 100 million customers a year.

Ever since it became operational in the country, McDonald's has always worked with Turkey's most respected and reputable food suppliers. Today 95% of the products and services that its restaurants offer are locally sourced. A total of 450 line items are procured from more than 70 suppliers. In the

Having completed its 33rd year of operations in the Turkish market, McDonald's continued to grow rapidly in 2019 registering 29% and 16% rates of growth respectively in total sales and customer numbers.

course of thirty-three years, McDonald's has invested more than USD 120 million in the development of its supply chain in Turkey.

Thanks to delicious and satisfying products offered at prices that are both right and affordable, to improvements in its customers' restaurant and digital-channel experience, and catchy communication campaigns, McDonald's Turkey registered double-digit growth in its customer numbers in 2019. Inspiring Turkey's QSR industry with new marketing approaches and creativity that focuses on understanding what consumers want, McDonald's was the recipient of twenty-four awards in 2019, a year in which the company also received the "Circle of Excellence" accolade for having placed first among its worldwide peers in 119 countries in terms of customer number growth.

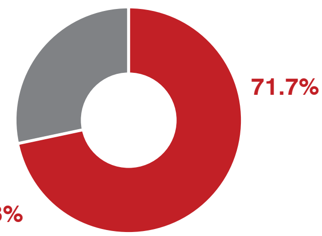
Operational Assessment

Agribusiness, Energy & Industry

ANADOLU ETAP

Anadolu Etap

Shareholding Structure



- Anadolu Efes Biracılık ve Malt Sanayi A.Ş.
- Özgörkey Holding

Founded	2010

Turkey's biggest fruit-grower and fruit-juice-maker, Anadolu Etap is a joint venture of the Anadolu Group and Özgörkey Holding, set up to meet the demand for high-quality fruit and fruit juices. Anadolu Etap is Turkey's first agri-business company to put together a set of Sustainable Agriculture Principles and to incorporate such principles into its business plans. With eight farms and 30 thousand decares of land, five million fruit trees, three fruit juice factories, and one packaging plant, Anadolu Etap is blazing new trails in the development of Turkey's agriculture and agri-business sectors.

In 2019 Anadolu Etap handled and processed a total of 300 thousand tons of fruit that it transformed into fresh fruit and fruit juice products, 70% of which it exported to more than 60 countries spanning the globe from America and Europe to Central Asia and the Far East.

Anadolu Etap procures the fruit it needs for the conduct of its operations not only from its own farms but also from producers with which it works under contract and whose production methods and operations it monitors. The company is currently sourcing fruit from about 3 thousand rural localities and from more than 150 thousand farmers in Turkey. Continuing to bring innovative Industry 4.0 and Agriculture 4.0 practices into the country, Anadolu Etap's R&D centers at its fruit juice factory in Mersin and its Tahirova farm in Balıkesir were both awarded Ministry of Industry and Technology certification in 2019.

Carrying out its operations with more than 3 thousand employees and in keeping with its "Healthy fruits for healthy generations" motto, Anadolu Etap manages an extensive portfolio of products ranging from fruit juice concentrates and purees to hundreds of different varieties of fresh fruit. Because

Anadolu Etap is Turkey's biggest fruit grower and fruit juice producer.

the high-quality, trustworthy fruit juice concentrates and purees produced at the company's three high-tech processing plants conform to international standards and cater exactly to market demand, Anadolu Etap has become a major supplier for fruit-juice makers both in Turkey and abroad. Anadolu Etap conducts its farming operations with an awareness of the sustainable-agriculture principles of respecting people, nature, and the soil and of being mindful of end-to-end product traceability. Having successfully passed 600 different tests and analyses, Anadolu Etap-grown fruit has been awarded both "Global GAP" and national "Good Agricultural Practices" certifications. Anadolu Etap's "Doal", "Taptazem", and "Doal Meyveden Şeker" brands and its extensive lineup of fruit juice concentrates and purees give the company a leading position in its sector.

In keeping with its vision of spearheading the development of Turkey's farming and agri-industry sectors, Anadolu Etap has invested USD 350 million in farming and food-related undertakings since 2010. While carrying out its own production of high-quality, sustainable, and trustworthy food, Anadolu Etap also undertakes social investments that help support rural and regional

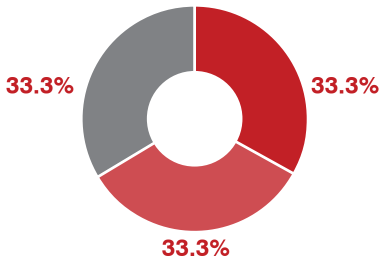
development. Recognizing social, economic, and environmental sustainability as being the most important value in the conduct of all of its operations, in 2014 Anadolu Etap became the first company in its sector to put together a set of Sustainable Agriculture Principles and to incorporate those principle into its business plans. In 2018 Anadolu Etap published its first sustainability report conforming to Global Reporting Initiative reporting standards.

Operational Assessment
Agribusiness, Energy & Industry

Paravani Hydroelectric Power Plant, Georgia

Aslancık Electricity Generation & Trading Company

Shareholding Structure

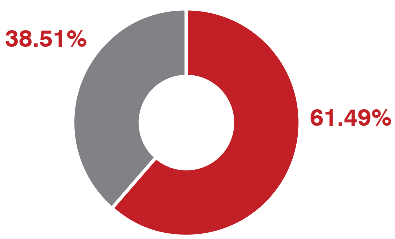


- AG Anadolu Grubu Holding
- Doğuş Group
- Doğan Group

Founded	1999

Anatolian Caucasia Energy Investments

Shareholding Structure

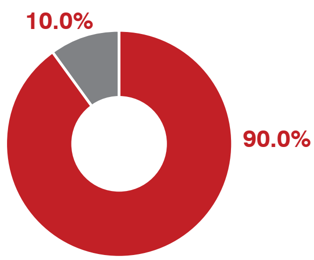


- AG Anadolu Grubu Holding
- Paravani Energy B.V.

Founded	2007

Georgia Urban Energy

Shareholding Structure

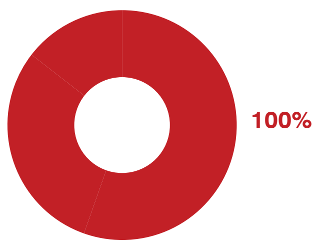


- Anadolu Kafkasya Enerji Yatırımları
- EBRD

Founded	1999

AES Electricity Wholesale & Trading Company

Shareholding Structure



- AG Anadolu Grubu Holding

Founded	2008

In 2019 the Aslancık and Paravani hydroelectric power plants generated 279 GWh and 375 GWh of electricity respectively.

In the conduct of its energy-industry operations, Anadolu Group aims to have and manage a sustainable portfolio of investments in the sector, which do not only create value but are also respectful of people and the environment.

Anadolu Group conducts its energy-sector operations in Turkey through the Aslancık Dam and Hydroelectric Power Plant (Aslancık HPP) and its AES Electricity Wholesale & Trading subsidiary. Through its Anadolu Kafkasya Enerji Yatırımları subsidiary, it controls stakes in the Paravani HPP in Georgia and also in Taba LLC, a company that is developing a wind power plant project in the Shida Kartli region of eastern Georgia.

Anadolu Group's first investment in the energy sector was the 120 MW installed-capacity Aslancık Dam & Hydroelectric Power Plant, a joint venture undertaken together with the Doğan Group and the Doğuş Group. After an initial construction period of four years, the plant became operational in March 2014. Located on Harşıt Çayı, a river in the province of Giresun, the Aslancık HPP generated 279 GWh of electricity in 2019, all of which it sold under Turkey's Renewable Energy Source Support Mechanism (YEKDEM).

Construction work on the group's Paravani HPP investment in Georgia began in 2010 and this 90 MW installed-capacity plant carries out energy generation activities since September 2014. This is the first cross-border investment involving the tapping of a neighboring country's natural resources to meet its own energy requirements undertaken in the history of the Turkish Republic. Located on the Paravani river in Georgia about 25 kilometers from the border with Turkey, the 90 MW installed-capacity Paravani HPP generated 375 GWh of electricity in 2019. The electricity generated by the plant is sold to Georgia for nine months of the year and to Turkey for the remaining three.

In September 2019, Anadolu Kafkasya Enerji Yatırımları acquired a 50% stake in Georgia-based Taba LLC, a company that is developing a windfarm project in that country with a planned installed capacity of 20 MW.

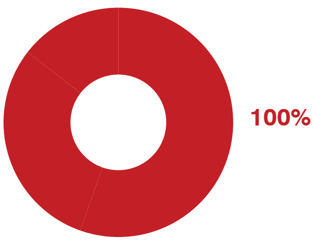
Operational Assessment

Agribusiness, Energy & Industry

AND GAYRİMENKUL

AND Real Estate

Shareholding Structure



■ AG Anadolu Grubu Holding

Founded	2011

AND Real Estate engages in real estate project development activities in line with the fundamental strategies of innovative business models, distinguished products and services, and sustainable brand and balanced portfolio management that it has identified.

Basing its business model on conformance to international standards, AND Real Estate is the only real estate developer in Turkey to have committed itself to the United Nations Global Compact. The company published its first sustainability report in 2018. The company continued to support the United Nations Global Compact's principles in 2019.

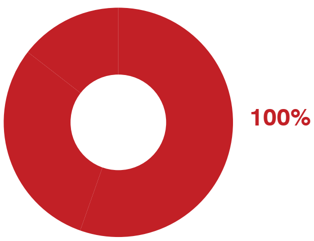
During 2019, AND Real Estate continued to lease units in its AND Kozyatağı building. Situated in one of the most easily-accessible and prestigious business districts on the Asian side of İstanbul, the rental value of this multiple award-winning office high-rise is among the highest in the area.

In 2019 AND Real Estate completed construction work on AND Pastel, a "New-Generation Neighborhood Concept" project that it developed in the Kartal district of İstanbul. To date this project has received a total of seven national and international awards, including that of "Turkey's Best Housing Estate Project". One of the largest-scale projects of its kind in the vicinity, sales are currently in progress. Consisting of 1,243 dwelling units in different configurations ranging from 1+1 to 1+4 in seven towers, AND Pastel Phase I deliveries were completed last year and deliveries of the project's Phase II units began. Phase II deliveries are scheduled for completion in March 2020. As of end-2019, about 75% of the project's units had been sold.

Mindfully aware of its responsibilities as an ethical property developer even after construction work is over, AND Real Estate manages the AND Pastel project's second-hand sales and rental processes under its "GRİN" brand.

Efestur

Shareholding Structure



AG Anadolu Grubu Holding

Founded	1984

A member of IATA since 1984 as well as of the Association of Turkish Travel Agencies, Efestur Turizm İşletmeleri is a Group A travel agency that provides B2B and B2C travel and organizational services.

Efestur is a provider of services such as domestic and international airline reservations, hotel reservations, vehicle leasing, train reservations, visas, transfers, and corporate events. In 2019 Efestur also launched a project to incorporate digital transformation concepts into its provision of travel solutions in order to give all of its customers, both corporate and individual, the quick and convenient access, competitive prices, and report-generating capabilities made possible by today's digital platforms.

Efestur manages an extensive portfolio of clients ranging from small- and medium-sized businesses to multinational companies. Working within client-specified budget constraints, the company plays an active role in all aspects of travel and event-organization processes from start to finish.

Coming up with quick, practical and appropriate solutions whose aim is to ensure customer satisfaction at all times, Efestur's thirty-six years of experience and effective supply-management competencies enable it to devise and execute flawless projects for every occasion.

With many years of knowledge and experience as a leader of the business lines in which it is active, Efestur will continue to support customers in all of their travel and corporate event requirements in keeping with Anadolu Group's underlying philosophy.

Operational Assessment
Other Companies

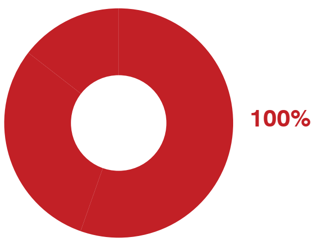
Other Companies

Among the corporate agencies working with Anadolu and Allianz insurance firms in Turkey, AEH has consistently ranked among the top three from the standpoint of both portfolio and technical profitability for many years.

AEH Sigorta Acenteliği A.Ş.

AEH Insurance Agency

Shareholding Structure



AG Anadolu Grubu Holding

Founded	2008

AEH Insurance Agency acts as an agent for many insurance companies. Among the corporate agencies working with Anadolu and Allianz insurance firms in Turkey, AEH has consistently ranked among the top three from the standpoint of both portfolio and technical profitability for many years.

AEH has agency relationships with Anadolu Sigorta, Allianz Sigorta, Ak Sigorta, HDI Sigorta, AXA Sigorta, Anadolu Hayat Emeklilik, Generali Sigorta, Gulf Sigorta, Eureko Sigorta, Dubai Sigorta, Corpus Sigorta and Fiba Emeklilik companies.

In 2020 the company also plans to pursue growth in its personal insurance portfolio as well.

Anadolu Group and

Social Responsibility

In keeping with its social responsibility approach, Anadolu Group makes meaningful contributions to society through Anadolu Foundation, Anadolu Medical Center, and Anadolu Efes Sports Club.

Anadolu Group and Social Responsibility

Anadolu Foundation has given out 29 thousand educational scholarships and financed the construction of more than fifty schools, dormitories, gymnasiums and other social facilities.

ANADOLU VAKFI

Anadolu Foundation

Established in 1979 by the Yazıcı and Özilhan families, the founders of Anadolu Group, in order to give something of what they had gained back to their country, Anadolu Foundation undertakes substantive investments in health and education.

The Anadolu Foundation's goal is to be a socially beneficial and charitable platform that believes in the principle of investing in people, takes a shared-wisdom approach, makes a strong social impact, manages its resources as befits a social entrepreneur, and constantly supports society with ever more enduring solutions. The foundation has granted 29 thousand educational scholarships to date and has also built schools, dormitories, hospitals, gymnasiums, and socially-beneficial facilities.

Since 2013, the Anadolu Foundation has been providing social entrepreneurship-based project management cycle training to more than 80 thousand teachers in 50 provinces. Supporting the development of many practicable educational projects and continuing to regularly conduct training programs and seminars, the foundation remains committed to contributing to the futures of young people and their teachers and thus to that of the country as well.

An ongoing mentoring program, which the Anadolu Foundation developed and through which Anadolu Group professionals support young people in their efforts to improve themselves and to deal with life issues and changing conditions in the world around them, completed its seventh term in 2019. Gaining a new dimension last year with the inclusion of professionals and managers from outside Anadolu Group as well, the foundation's mentoring program has earned a distinguished reputation in Turkey thanks to the experience that it makes available and to its methodical approach.

In the area of health, Anadolu Foundation extends a helping hand to tens of thousands of people who are in need of medical care through Anadolu Medical Center, which is affiliated with Johns Hopkins Medicine. Under its "Social Responsibility In Health" project, the foundation provided a total of 637,270 instances of free healthcare (including 156,865 examinations and 11,273 surgical interventions) to 51,514 people between 2005 and the end of 2019.

All of the funding needed to pay for such charitable medical assistance and services comes from donations made by members of Anadolu Group. These companies donate between 1- 5% of their earnings to the foundation every year. The foundation uses these resources to finance new undertakings and to support the raising of healthier and better-educated new generations of young people.

ANADOLU H
In Affiliation with
JOHNS HOPKINS MEDICINE

Anadolu Medical Center

Established in 2005 as part of Anadolu Foundation, Anadolu Medical Center provides world-class medical and health services with an aim to improve the quality of people's lives. Occupying an area of 188,000 square meters and an indoor area of 5,000 square meters with a capacity of 201 beds, Anadolu Medical Center distinguishes itself by providing first class health care services with the vision of being a reference center and "The center of health".

As a reference center especially in the field of oncology, Anadolu Medical Center is well equipped with state of the art technology offering health service in all branches. The center distinguishes itself in particular with its Urooncology Center, Bone Marrow Transplant Center, Breast Center, Peritoneal Cancer Center, but also with its cardiovascular surgery and neurosurgery departments.

Since 2005, Anadolu Medical Center offers world class health care and the most advanced technology not only for Turkish patients but also for patients coming from abroad. Collaboration with Johns Hopkins Medicine, which has repeatedly been cited as being the best hospital in the world, in fields of training and quality supports Anadolu Medical Center's vision.

Nearly 200 thousand examinations and 8 thousand surgical interventions were carried out at Anadolu Medical Center in 2019. These services were provided to patients both from Turkey and from abroad. In 2019, 1,900 international patients were operated on and 23,000 international patient examinations were performed. Under the heading of social responsibility projects, Anadolu Foundation has so far supported the provision of some 615,000 instances of free medical services to about 30,000 needy patients. During 2019, about 4,300 such patients were provided with around 60,000 instances of medical care under the same heading.

Advanced-technology equipment, methods, and procedures are employed in the provision of medical care, with particular attention being given to the disciplines of oncology, cardiology, and gynecology. In hematological oncology, the 290 bone marrow transplants that were performed in 2019 brought the total number of these procedures carried out at the center to about 2,250.

To date, Anadolu Medical Center has provided medical and health services to people from 65 other countries, the majority of them from Romania, Bulgaria, Russia, Azerbaijan, Georgia, CIS countries, and Middle Eastern and North African countries. The International Patient Services Department employs its own staff of about 65 people along with more than 40 interpreters in the service of patients from other countries.

Medical Travel Quality Alliance, an independent international organization that develops and promotes the highest

Anadolu Group and Social Responsibility

standards of excellence in delivering treatment and care to medical travelers and health tourists, cited Anadolu Medical Center as the second best medical tourism destination in the world. No other hospital in Turkey is included in MTQA's top-ten ranking.

Anadolu Medical Center also provides medical and health care services at its Ataşehir Outpatient Clinic, which opened its doors in 2008, and occupies 3,700 m^2 of grounds.

Located in the Gebze Organized Industrial Zone (GOSB) not far from Çayırova is the GOSB Outpatient Clinic. Supported by Anadolu Medical Center, this center began providing medical services on 15 January 2018. Located within the zone, the GOSB Outpatient Clinic occupies 900 m^2 of space and provides emergency, internal, ENT, and general-surgery care and treatment services under its agreement with the Turkish Social Security Corporation.

Taking a people-focused approach, Anadolu Medical Center provides healthcare and treatment services in a wide range of branches that include oncology, gynecology, bone marrow transplantation, surgical intervention, diagnosis, and medical imaging. The center continues to undertake significant investments aimed at enhancing treatment quality and adding value to patient care. Anadolu Medical Center undertook renewal investments in a program that included not just the radiotherapy department but also the completion of planned investments in the brain and neurological surgery department.

The Anadolu Medical Center is accredited by Joint Commission International and has been awarded both a bronze-level and a gold-level Planetree Person-Centered Care Designation. It also holds Turkish Health Ministry Quality-Standard, European Society for Medical Oncology, ISO 9001 Quality Management System, ISO 14001 Environmental Management System, OHSAS 18001 Occupational Health and Safety Management System, and Turkish Health Ministry "Baby-Friendly Hospital" certifications. Anadolu Medical Center is the first and only hospital in Turkey and its surrounding region to receive bronze-level and gold-level Planetree Person-Centered Care designations.

Anadolu Medical Center is also proud to be the first and only hospital in Turkey and its region to be accredited by the Organization of European Cancer Institutes (OECI) which has also verified that the center's cancer diagnosis and treatment services conform to international standards.

Another important fact that differs Anadolu Medical Center from other hospitals is that there are 9 tumor boards within its Oncology Center. In addition to the general tumor board there are specialized tumor boards like breast cancer tumor board, urooncology board, head and neck cancer tumor board and thoracic tumor board, where each patient diagnosed with cancer is discussed by a multidisciplinary team of specialists, in order to determine the best possible cancer treatment and care plan for the patient.

The topic for discussion at the fifth Oncological Sciences Symposium hosted by the Anadolu Medical Center on 21 September 2019 was current approaches in glial tumors. Chaired by Professor Serdar Kahraman of the Anadolu Medical Center's Department of Neurosurgery, the symposium's thirteen speakers shared the latest developments in the diagnosis and treatment of central nervous system tumors with one another and their listeners. Discussions of case studies drew particular interest at this symposium, which attracted widespread attention among the medical community both in Turkey and abroad and was attended by about 120 specialists from branches other than neurosurgery as well as from other medical institutions.

In 2019, Capital magazine ranked Anadolu Medical Center eighth in the "Social Responsibility" category of its list of the business world's "Most Admired Companies".

At the ceremony held to hand out the 17th round of Altın Örümcek ("Golden Spider") awards, Anadolu Medical Center placed third in the "Mobile Apps: Services" category.

Anadolu Medical Center also gains wide recognition in the medical services sector because of the important social responsibility projects that it carries out. A campaign that the center undertakes in partnership with the Anadolu Efes Sports Club to draw public attention to the importance of early diagnosis in breast cancer celebrated its sixth year in 2019. Coinciding with the year's October observance of "Breast Cancer Awareness Month", whose international symbol is a pink ribbon, an Anadolu Efes Sports Club - FC Barcelona Euroleague match began with the toss-up of a pink basketball by star player Bensu Soral.

Anadolu Efes Sports Club

An enduring presence in Turkey's basketball, Anadolu Efes Sports Club is one of Anadolu Group's social organizations. Founded in 1976 under the chairmanship of Tuncay Özilhan, with the goal of contributing to the development of Turkish youth and basketball, Anadolu Efes Sports Club today continues to contribute to the nation's social and cultural development.

More than just a successful team however, Anadolu Efes is a sports club that promotes basketball among the public at large by offering fans enjoyment, excitement and entertainment. The club's institutionalized and sustainable management, its marketing acumen, its public relations, and its corporate social responsibility projects continue to make it a benchmark for other clubs in Europe.

In Euroleague Basketball's annual series of Devotion Marketing Awards, which recognize the best marketing and public relations endeavors of Euroleague teams, Anadolu Efes has received one silver and three gold awards to date. In Euroleague Basketball's One Team corporate social responsibility program, Anadolu Efes received last season's gold award in recognition of its "real social impact" efforts.

Anadolu Efes has been cited three times by Euroleague Basketball in its "Euroleague Devotion" series of awards for having the best marketing practices among European teams. As the leader in this area, Anadolu Efes continues to improve its performance year after year. Anadolu Efes also contributes to the growth and development of basketball economics through the marketing and communication packages that it specially designs for every partner. Anadolu Efes Sports Club's partners include leading names in such diverse sectors as retailing, food & drink, fashion, sportswear, health, transportation, automotives, radio and betting & gambling, and media.

Anadolu Efes has brought home more trophies than any other Turkish basketball team. As of January 2020 its museum contained 1 Korac Cup, 14 Turkish Basketball League championships, 11 Turkish Cup championships, 12 President's Cup championships, and 2 General Directorate of Youth and Sports Cup championships.

Evidence of Anadolu Efes's successful efforts to nurture new generations of basketball players is also to be found in its museum, which houses 1 Youth League championship, 4 U20 Team championships, 20 Turkish U18 championships, 17 Turkish U16 championships, and 15 Turkish U14 championships.

Having encouraged thousands of young people in Turkey to take part in sports, the Anadolu Efes Sports Club also makes certain that the educational needs of the youngsters in its youth teams are also taken care of properly. Teams' training and travel schedules are organized according to school calendars with the aim of ensuring that their members are well-educated individuals first and good basketball players second.

Creating social value on a wide range of issues through the social responsibility projects that it undertakes, Anadolu Efes is especially proud to contribute, through its own projects, to the social development of those taking part in EuroLeague's "One Team" corporate social responsibility program, which combines education and sport on a single platform.

Every year the Anadolu Efes Sports Club also undertakes a variety of other social responsibility projects such as Pink Ball On The Court campaign carried out in partnership with the Anadolu Medical Center that draws public attention to the importance of early diagnosis in breast cancer and another Bring a Book campaign that encourages people to donate books to be given to needy students.

From Anadolu to the Future

Sustainability

at Anadolu Group

In the course of its seven-decade journey, Anadolu Group is working for better tomorrows with the power it gets from Anatolia. Group reveals its contribution to Sustainable Development Goals with Alignment Report published in 2019. Focusing on sustainability in all of its operations with the aim of leaving a more livable world to the future, Anadolu Group published "From Anadolu to the Future Anadolu Group Sustainable Development Goals Alignment Report", in which the contribution of the projects and applications of Group companies to Sustainable Development Goals have been revealed. The Report, which includes an inventory of 316 items, that were selected from among the projects and applications that were put into practice by the Group companies between 2015-2018, has revealed that Anadolu Group is involved in a respectable amount of activities that contributes to the United Nations Sustainable Development Goals and operates in many activities that produce value for global development in align with the world standards.

From Anadolu to the Future Anadolu Group Sustainable Development Goals Alignment Report has a pioneering role in Turkish business world with its content, analysis and the inventory, which aligns and associates all the sustainability projects and applications with Sustainable Development Goals individually.

The report reveals that among the sustainability projects of Anadolu Group, 99% are associated with economic goals, 30% are associated with environmental goals and 65% are associated with social goals. The results of the analysis show that Anadolu Group is involved in a respectable amount of activities that are directly related to or supportive of the United Nations Sustainable Development Goals.

With the motto “From Anadolu to the Future”, Anadolu Group will contribute to devote its power to the sustainability of the world and its stakeholders.

Alignment of the Projects and Applications of Anadolu Group with the UN SDGs (2015-2018)

		Sustainable Development Goals																
		Humanitarian Goals						Welfare Goals					Planet Goals				Peace/ Partnership	
Group	**Company**	1 No Poverty	2 Zero Hunger	3 Good Health and Well-Being	4 Quality Education	5 Gender Equality	6 Clean Water and Sanitation	7 Affordable and Clean Energy	8 Decent Work and Economic Growth	9 Industry, Innovation and Infrastructure	10 Reduced Inequalities	11 Sustainable Cities and Communities	12 Responsible Consumption and Production	13 Climate Action	14 Life Below Water	15 Life on Land	16 Peace, Justice and Strong Institutions	17 Partnerships for the Goals
	AG Anadolu Group Holding	1		8	2				38	12	10		4	10	1	1	10	12
Beer Group	Anadolu Efes	18	3		17	12	5		37	9	22	14	34	16	5	4		32
Soft Drink Group	Coca-Cola İçecek			3	2	5	2	1	21	9	1		31	9	1			5
Migros Group	Migros	5	2	5	7	2	3	5	22	5	1	6	24	9	4	2	4	6
Automotive Group	Anadolu Isuzu	4		7	9	1			21	19	9	5	3	11				22
	KIA Turkey				1				4	2			1	1				1
	Garenta / ikinciyeni.com	1							5	2			2					
	Anadolu Motor		3						3	3			4	4	1			1
	Anadolu Landini								1									1
Retail Group	Adel Kalemcilik				9			2	1	6	5		8	5		2		11
	McDonald's	1	1	3	2		2	2	14	4	1		13	2				4
	Efestur					1												
Energy Group	Energy Group Companies				1		2	5	4		4		5		1			5
Agriculture	Anadolu Etap		6	2	3	3	2		5	1	3		9	1				3
Real Estate Group	AND Gayrimenkul	1		2					7	5	2	6	5	3			1	3
Social Organizations	Anadolu Foundation	3		5	6	2			5	5	6	1	2					9
	Anadolu Medical Center			12	4	1			4		1		2	2				4
	Anadolu Efes Sports Club	1		13	10	1				1		6	4	1			1	16
	Anadolu Group Total	32	15	52	79	30	16	15	192	83	68	32	151	74	13	11	16	135

316 projects/applications are related to one or more Sustainable Development Goals (SDG).

- **32 PROJECTS** — 1 No Poverty — 10 %
- **15 PROJECTS** — 2 Zero Hunger — 5 %
- **52 PROJECTS** — 3 Good Health and Well-Being — 17 %
- **79 PROJECTS** ★ — 4 Quality Education — 25 %
- **30 PROJECTS** — 5 Gender Equality — 10 %
- **16 PROJECTS** — 6 Clean Water and Sanitation — 5 %
- **15 PROJECTS** — 7 Affordable and Clean Energy — 5 %
- **192 PROJECTS** ★ — 8 Decent Work and Economic Growth — 61 %
- **83 PROJECTS** ★ — 9 Industry, Innovation and Infrastructure — 26 %
- **68 PROJECTS** — 10 Reduced Inequalities — 22 %
- **32 PROJECTS** — 11 Sustainable Cities and Communities — 10 %
- **151 PROJECTS** ★ — 12 Responsible Consumption and Production — 48 %
- **74 PROJECTS** — 13 Climate Action — 23 %
- **13 PROJECTS** — 14 Life Below Water — 4 %
- **11 PROJECTS** — 15 Life on Land — 4 %
- **16 PROJECTS** — 16 Peace, Justice and Strong Institutions — 5 %
- **135 PROJECTS** ★ — 17 Partnerships for the Goals — 43 %

★ The UN Sustainable Development Goals that Anadolu Group has mainly contributed.

316 Projects and Applications

Alignment of the Projects and Applications of Anadolu Group with the World

The main fields in which Anadolu Group contributes to Sustainable Development Goals are found to be in alignment with the prioritization of the SDGs by global companies.

ANADOLU GROUP

SDG	%
8 DECENT WORK AND ECONOMIC GROWTH	61 %
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	48 %
17 PARTNERSHIPS FOR THE GOALS	43 %
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	26 %
4 QUALITY EDUCATION	25 %

UN GLOBAL COMPACT PROGRESS REPORT 2017

SDG	%
8 DECENT WORK AND ECONOMIC GROWTH	49 %
3 GOOD HEALTH AND WELL-BEING	49 %
5 GENDER EQUALITY	45 %
4 QUALITY EDUCATION	42 %
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	40 %

UN GLOBAL COMPACT PROGRESS REPORT 2018

SDG	%
8 DECENT WORK AND ECONOMIC GROWTH	69 %
5 GENDER EQUALITY	64 %
3 GOOD HEALTH AND WELL-BEING	62 %
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	53 %
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	53 %

Anadolu Group is in harmony with the global business world with regards to its focus on the goals of decent work and economic growth **(SDG.08)**, responsible consumption and production **(SDG.12)**, industry, innovation, and infrastructure, **(SDG.09)** and quality education **(SDG.04)**.

Anadolu Group operates with a score of 43% with regards to the "Partnerships for the Goals" **(SDG.17)**, close to the world average of 40%

The UN Global Compact Progress Report 2017 and 2018 show the prioritization results of the companies that took part in the action at a global scale. The values provided by **Anadolu Group** show the priority distribution of the projects and applications of Anadolu Group companies in 2015-2018.

Anadolu Group conducts its sustainability efforts in alignment with the United Nations Sustainable Development Goals announced for 2015 to 2030 and operates as an active participant to fulfill these objectives. The group has a balanced composition in its contribution to the Sustainable Development Goals and creates values for global development as part of a successful sustainability mindset with the group companies.

A RELIABLE GLOBAL STAKEHOLDER

The global business partners of Anadolu Group undertake key sustainability projects. Anadolu Group leads the relevant sectors in Turkey by carrying out many projects in world standards. Anadolu Group expects the same sustainability sensitivity from its business partners and stakeholders and develops model projects in order to increase their awareness and even allow them to participate.

Anadolu Group's sustainability practices play a key role in positioning the Group as a globally preferred business partner.

POWER OF INTERNAL COMMUNICATION

Anadolu Group operates in a large geography with approximately 80,000 employees.

Affecting a population of hundreds of thousands of people, Anadolu Group has the power of making a positive contribution to the awareness of the global goals of the UN.

COOPERATION WITH INTERNATIONAL PLATFORMS

International authorities endeavor to promote the UN Sustainable Development Goals by sharing their best practices.

The inventory of 316 projects and applications cited in the Anadolu Group Sustainable Development Goals Alignment Report is intended to make a positive contribution to the sharing of solutions needed throughout the world.

Anadolu Efes, Coca-Cola İçecek and Migros are included in BIST Sustainability Index. Anadolu Etap, as the first agriculture and food company in Turkey to prepare and implement the Principles of Sustainable Agriculture, focuses on economic, environmental and social sustainability in all of its operations and business conduct. AND Gayrimenkul is the only real estate development and investment company in Turkey to sign the UN Global Compact as of 17 April 2017 and it continues to abide by the principles of that agreement in the conduct of its operations.

AG Anadolu Group Holding and group companies Anadolu Efes, Coca-Cola İçecek and Migros support the "Business World Plastic Initiative" established jointly by Global Compact Turkey, Business Council for Sustainable Development and the Turkish Industry and Business Association as a first step in combating the spread of plastic pollution.

In 2019 four Anadolu Group companies; Anadolu Efes, Coca-Cola İçecek, Migros and Anadolu Isuzu published sustainability reports.

Sustainability at Anadolu Group

Sustainability at Anadolu Efes

Anadolu Efes regards having a sustainable business model as one of its most important responsibilities towards future generations. In the sustainability reports that it has been publishing regularly since 2010, Anadolu Efes assesses the social, environmental, ethical and economic dimensions of its operations and transparently discloses this information to the public.

Addressing sustainability issues within the framework of its Positive Impact Plan, Anadolu Efes seeks to steadily and consistently increase the positive impact that it creates in four main areas that it has identified as “Environment”, “Community”, “People” and “Value chain”. The company continues to engage in such efforts in line with the objectives of the second stage of its Positive Impact Plan covering the five-year period from 2016 to 2020. These efforts also contribute to the company’s progress towards fulfillment of the United Nations 2030 Sustainable Development Goals.

Anadolu Efes has given its environmental and social commitments an international dimension through its subscription to such collaborative efforts as the United Nations Global Compact in 2011 and to the CEO Water Mandate and to Women’s Empowerment Principles in 2014. Anadolu Efes’s sustainable-agriculture practices earned it the right to represent Turkey at the Rio+20 United Nations Conference on Sustainable Development that was held in Brazil in June 2012. In 2013 Anadolu Efes became the first Turkish company qualified for inclusion to the Dow Jones Sustainability Index. Anadolu Efes has been included in the FTSE4Good Emerging Markets Index, one of the world’s leading sustainability indices, since 2017 as well as in the Borsa İstanbul Sustainability Index since 2015. Anadolu Efes Turkey operations is responding to Carbon Disclosure Project Climate Change Program in 2017 reporting period and since then it is sharing its performance against climate change with its shareholders in a more extensive way.

As a company whose key raw materials are derived from nature itself, Anadolu Efes regards environmental sustainability as being a crucial element of its own long-term success as well as of its responsibility towards future generations. Addressing environmental sustainability issues under the individual headings of “water risks and management”, “climate change” and “energy, waste and packaging management”, Anadolu Efes continues to undertake investments aimed at steadily reducing the size of its environmental footprint by means of an efficiency-based approach throughout its entire value chain. Specific performance targets for each of these headings are monitored by means of performance indicators that are based on reporting criteria published by the Global Reporting Initiative. The company has been cooperating with the Environmental Protection and Packaging Waste Recovery and Recycling Trust (ÇEVKO) since 2020.

In its efforts to create a positive impact through social responsibility projects that are respectful of the communal values and culture of the localities where it conducts its operations, Anadolu Efes as a local company that has faith in young people and the future, supports local entrepreneurial ecosystems in the areas of sustainable tourism and agriculture and believes that theater, cinema, sport and music are essential to a community’s sociocultural progress. Anadolu Efes has been actively involved in supporting sport for 44 years, agriculture for 38 years, cinema for 33 years, theater for 28 years and tourism for 13 years.

Sustainability at Coca-Cola İçecek

CCI

CCI's vision is to be the best company of the fast-moving consumer goods sector in every country in which it has operations. As a responsible corporate citizen, CCI recognizes that sustainability is an element of corporate processes. In order to create value for all of its stakeholders, CCI focuses its sustainability strategy on issues that are important to its stakeholders. In line with this, CCI has identified six basic sustainability focal points that it seeks to proactively manage.

Environmental footprint: One of CCI's priorities is to reduce its environmental impact of the company by using fewer natural resources and by creating less waste. CCI believes that such an approach is essential not only to conduct its own business but also for the sustainability and wellbeing of the communities that it serves.

Community development: CCI's main objective is to be recognized by all of its stakeholders as the most responsible of corporate citizens. To achieve this, it carries out a variety of projects aimed at improving the wellbeing and quality of life of the communities in which it conducts its operations. Issues of priority concern to the company in the area of social development include economic impact, volunteerism and empowering young people and women.

Human rights: CCI makes human rights central to the conduct of all of its business processes. Valuing its relationships with its employees, the company creates open and participatory workplace environments in which universal human rights are respected and employee health and workplace safety are given priority. The CCI Human Rights Policy adheres to the same international human rights standards set forth in the United Nations Universal Declaration of Human Rights, the International Labor Organization Declaration on Fundamental Principles and Rights at Work and the United Nations Global Compact. In line with its principle of being participatory and inclusive, CCI has been a signatory to United Nations Women's Empowerment Principles since 2015.

Human capital: Seeking to create value as it moves forward, CCI recognizes that its employees are the sources of that value and therefore it provides its employees with opportunities to advance themselves. Employee development is supported by means of training opportunities that are made available to employees at every level. The company strives to be "a great place to work" by providing a workplace environment that is productive, enjoyable and safe.

Consumer well-being: Because it provides consumers with a wide range of products, CCI always gives priority to product safety and quality in order to protect human health. The company supplies its consumers with products that are economically priced, affordable, fun and innovative and also in the best way possible. CCI scrupulously conforms to standards aimed at safeguarding product safety and quality.

Customer value: CCI seeks to be a business partner that its customers prefer to work with because of the unique solutions that it offers. Putting customers at the center of its supply chain so as to make it work to the benefit of both them and itself, CCI seeks to maximize quality in customer-related services and practices.

CCI's sustainability approach and performance have been recognized by both national and international organizations. The company was the first -and is still the only- company in Turkey to qualify for inclusion in the Global Compact 100 Index introduced by the United Nations Global Compact since 2013. CCI has been listed in the Borsa İstanbul Sustainability Index every year since 2015. CCI is also included in the Morgan Stanley Capital International MSCI ESG Leaders, the FTSE4Good, and the ECPI indices.

Sustainability at Anadolu Group

Sustainability at Migros

MiGROS

The notion of sustainability is both the core of Migros's business model and the engine that powers its efforts to create value for all of its stakeholders. Migros launched its "Migros Better Future Plan" to ensure that the value-creation process develops for all its suppliers, manufacturers, employees and customers continues to function robustly and in an environmentally-responsible way. The goal of this plan is to be mindful of the rights of future generations by making the most appropriate and productive use of resources today. This is to be done by setting targets for dealing with issues ranging from protecting biodiversity and contributing to economic wellbeing to nurturing social sustainability and innovation. Migros transparently reports its sustainability efforts and performance using an annual sustainability report which complies with GRI standards and which is published on its corporate website.

Migros's efforts in terms of sustainability once again qualified in the BIST Sustainability Index, 2019. Migros is the first–and is still the only–representative of the food retailing industry whose shares have managed to be included in that index for six years in a row. Every year Migros also reports its practices to combat climate change and to use water efficiently to the Carbon Disclosure Project (CDP). Migros' report against climate change in 2019 received an "A-" grade, putting the company in the ranks of the highest performers on this issue in Turkey. In Capital magazine's annual "Turkey's Most Admired Companies" survey, Migros numbered among the top ten companies whose sustainability strategies were said to be held in the highest esteem by the survey's respondents.

Community health and development: Through Migros WellBeing Program, it helps contribute to more balanced nutrition among its customers by using data collected by the Migros Mobile app to analyze their shopping habits and identify which food groups they are not consuming enough of according to accepted balanced-nutrition recommendations. As part of the project, Migros Mobile app provides messages about oral and dental hygiene, water consumption and avoiding over-exposure to the sun and also includes such interactive features as a step tracker and reminders to drink water and brushing teeth. Between the launch of Migros WellBeing Journey Program in April 2018 and the end of 2019, Migros reached out to and promoted healthy living awareness among 1.53 million people. Through its Family Club project, Migros collaborates with county-level public education centers to provide instruction at 27 Migros store premises training in 92 different subjects ranging from foreign languages and art to baking, cooking and robot-programming. Many of the people attending Family Club courses all over the country are women who put the knowledge and skills that they acquire to work by starting up their businesses.

Environmental sustainability: Recognizing that it has a responsibility to minimize the environmental impact of its activities, the company conducts its operations accordingly. In line with this, Migros undertakes projects aimed at developing more eco-friendly refrigeration systems, optimizing water use, improving energy efficiency, supporting recycling and automating its logistics network processes. Due to Migros has target to reduce food waste, the company carries out an automated ordering system that makes use of an algorithm that determines the kinds and quantities of fresh fruits and vegetables that should be ordered based on current stock levels, sales and previous orders. By applying discounted sales of fresh food products within expiry dates, the value of food whose wastage was prevented in 2019 corresponded to the revenue of 12 MigrosJet stores. Under the head of protecting biodiversity, Migros has been working with suppliers who conform to good agricultural practices in agricultural and livestock production since 2010. Through its Tastes of Anatolia Project, Migros screening of the local foods, crops and recipes that are at risk of being forgotten and introduces them to new generations in its stores.

Product transparency and consumer information: Migros has dedicated itself to be the Turkish food retailing industry's leader in matters related to standardizing and digitalizing product information. In a project undertaken jointly with GS1, a

non-profit organization that develops and maintains global standards for business communication, Migros engages in an ongoing effort to make certain that product information flows transparently and quickly between manufacturers and retailers. A minimum data set consisting of basic "weight", "ingredients" and "origin" information capable of addressing all of the industry's needs has been formulated. Migros continues to lead the way in GS1, retailer and manufacturer system integration.

Responsible procurement: Migros expects all the suppliers, third-party organizations and business partners with which it works to comply with the company's product safety and quality standards as well as with its ethical guidelines. Migros suppliers' product safety practices are audited within the framework of BRC (British Retail Consortium) and IFC (International Food Code) specifications recognized by the Global Food Safety Initiative (GFSI) while their conformity to the company's occupational health & safety, ethical-behavior and social-compliance requirements are audited within the framework of GC (Green Council) and Sedex (Supplier Ethical Data Exchange) criteria.

Responsible human resources management: Migros provides its workforce with a safe and decent workplace environment and strives to provide all its employees with equal training and career-progression opportunities in keeping with its principle of continuous development. Recognizing that the companies' future is determined by the competency and creativity of their employees, Migros empowers its own employees' personal and professional/occupational development through the use of state-of-the-art technology and training methods. A total of 1,030,000 hours of training (employee*days) was provided during 2019. Migros also conducts programs to increase the number of women employed in management positions and to protect/improve employee health and wellbeing.

Sustainability at Anadolu Isuzu

Anadolu Isuzu is committed to internalize, implement and extend sustainability throughout its value chain. In line with this commitment, the company recognizes issues on the global sustainability agenda as being intrinsic elements of its operations and its corporate-governance structures, approaches and practices and it deals with them accordingly. Anadolu Isuzu's primary and unalterable goal is to create enduring value for its stakeholders by maximizing the economic, environmental and social benefit of its activities. It encourages its customers, suppliers, employees and all of its other stakeholders to internalize sustainability and regards such efforts on its part as being complementary elements in the fulfilment of its primary goal.

Economic performance: Anadolu Isuzu focuses on generating consistent financial results, its contributions to Turkey's economy and social wellbeing through its own sustainably operational success. In the conduct of its operations both at home and abroad, the company is mindful of correct and balanced risk management while also effectively managing costs and improving process and operational efficiency to ensure that its profitability is sustainable. Anadolu Isuzu recognizes that maintaining and improving balance sheet health, increasing shareholder value and strengthening its market position are essential to its strong economic performance.

Products & Services: When carrying out manufacturing operations and providing after-sales services, Anadolu Isuzu works closely with its suppliers and other business partners in order both to provide solutions with a strong R&D component and to manage risks correctly. In the conduct of its manufacturing and service processes, the company is meticulous about its sustainability performance and is always on the lookout for opportunities to nurture continuous development as it moves forward. Anadolu Isuzu's ultimate goal is to create value for people's lives by providing rational and economic mobility solutions which it develops and produces and that it supports through its after-sales services.

Human resources: Anadolu Isuzu believes in diversity and differentness and it takes a "people first" approach when dealing with each of its employees following the human resources policies and practices by which it abides. The company provides all personnel, irrespective of differences in language, religion, race, or gender, with decent working conditions that are compatible with its corporate values and culture. Performance, progression and feedback programs are conducted to help employees achieve their own personal and work-related goals.

Occupational health & safety: Going far beyond satisfying the requirements of laws and regulations, Anadolu Isuzu's occupational health and safety management system plays a major role in the company's ability not only to provide employees with a safe workplace environment but also to improve their general health and safety awareness. Projects designed to improve OHS performance and to prevent work-related accidents, injuries and illnesses are carried out in order to get as close as possible to the company's zero reportable-incident target.

Environment: Proactively conscientious in its approach to dealing with environmental issues, Anadolu Isuzu carries out projects both to minimize the environmental impact of the vehicles it manufactures and to reduce the emissions and waste resulting from the conduct of its own production, business and service operations. Mindful of the worldwide problem of water resource sustainability, the company strives to reduce the amounts of water that are consumed in all of its manufacturing and other processes.

Social responsibility: Volunteering serves as a basis of social responsibility activities, which are conducted in a systematic and planned approach. The works are carried out with the support of company employees which increase every year and the subjects are mainly focuses on education, environment and disablement issues.

Governance and assurance: As a publicly-traded company, Anadolu Isuzu recognizes that corporate governance and compliance are more than just a matter of satisfying the requirements of law and are essential to the sustainability of its productive and successful economic performance. A company-wide governance and reporting system together with human resource training, systematic auditing and process and practice transparency not only contribute to the effectiveness of Anadolu Isuzu's corporate governance and compliance efforts but also fast-track their improvement.

Human Resources at Anadolu Group

Anadolu Group seeks to be an organization that goes beyond fulfilling the requirements of just being a preferred employer in today's world. Anadolu Group believes that success can only be achieved through a joint and united effort, which advances along the same path towards the same goal and is guided by the "Collective Mind" approach that is inherent in the group's DNA. Therefore, team spirit and teamwork are highly valued in Anadolu Group.

As an employer of approximately 80 thousand employees-in 19 countries and 9 different sectors, Anadolu Group embraces diversity in its human resources policies and practices in the light of its strong values and deep-rooted corporate culture and is being empowered by this synergy. The "AG Equality Of Opportunity" policy provides guidance for all group companies and must be referred to whenever they deal with such matters. Whenever recruiting, hiring, or interacting with personnel, there is to be absolutely no discrimination whatsoever based on such considerations as age, gender, race, religion, language, ethnicity, sexual orientation, creed, (marital, social, or economic) status, disability, political opinion, trade union membership or participation in trade union activities, pregnancy, or military service obligations.

In order to guide its employees in setting career goals that are achievable and compatible with their individual goals, Anadolu Group provides an innovative working environment in which they are able to make technology an integral part of their professional live by the use of any kind of technological facilities available. The group is aware that the digitalization of its human resources processes is of enormous strategic importance to its ability to adapt more easily to the rapid changes taking place in today's world. The "AG People First" digital human resources platform, which has been created as an important first step in this direction, makes it possible to keep employee profiles up to date and let employees keep track of available job vacancies anywhere in the group. The same system is used to manage external hiring, backup and development processes of Anadolu Group companies.

The Bi-Fikir ("An Idea") digital innovation program that enables group employees in Turkey and abroad to share their ideas, completed its fifth year in 2019. Bi-Fikir is an important initiative for Group employees as a platform in which they can make their dreams turn into reality within Anadolu Group, which values creativity and innovation for creating new business lines and making new business ideas more applicable. Between 2015 and 2019, a total of 30 thousand innovation ideas were submitted through the system, of which 6,000 were implemented generating TRL 600 million worth of benefit. Employee-submitted ideas continue to be used to inform the group's innovation efforts. Bi-Fikir KAP ("Plan Your Career At Anadolu Group") has been

Conducting its operations in nineteen countries with about 80 thousand employees, Anadolu Group regards diversity as an essential element of its strong values and deep-rooted corporate culture.

supporting the innovative ideas of university students seeking to turn their dreams into reality since 2018. Those who submit Bi-Fikir KAP projects that are deemed to be successful are given an opportunity to pursue a career in the group.

Through its digital training system, AG Academy has been providing personnel employed in the Anadolu Group's Turkish operations with training and development opportunities ever since its launch in 2015. Leaders Touch, a senior management development program that also began in 2015, was reorganized and has been continuing as the Development Dialogues Program since 2019. Working together with some of the world's leading universities, employees' development and progression are supported by online tools, classroom training, and webinars. Another way in which employee development is supported throughout the group is the Position Vacancies system. Every time a position becomes vacant, it is initially announced through this system only within the group so as to give existing employees a head start in submitting applications. This system further enriches on-the-job learning and thus makes it possible to offer employees a more diversified career map.

Various KAP-branded online and on-campus activities are carried out in order to promote the Anadolu Group as a preferred employer, especially among students and young professionals. In 2016 the Anadolu Group launched its CYO (Chief Young Officer) program, a traineeship scheme designed to attract young talent to the group. Targeting university students, the program gives them opportunities to gain work experience in group companies and those who are successful are given preference when recruiting for position vacancies once they have graduated. So far sixty students have taken part in Anadolu Group's CYO program and of those, seven are currently employed in group companies on a full-time basis.

Emphasis is placed on the equal participation of every employee in the workforce. According to a survey conducted by Capital magazine, Anadolu Group companies are ranked among Turkish firms employing the most women in management-level positions for the last seven years. Female employees are provided with flexible work schedule opportunities to allow them to balance their personal and working lives before and after giving birth. The employees of all Anadolu Group companies are provided with private health insurance coverage that also includes their family members. In talent acquisition and management processes, the evaluations are made with attention to position-related experience, knowledge, competency criterias and organizational needs.

Anadolu Group's management approach is rooted in the collective mind of four successive generations: 3% of the group's employees are below the age of 20; 48% are in the 21-40 age group; 16% are in the 41-50 age group; and 3% are in the over 50 age group. Of the company's senior managers, 1% are in the 21-30 age group, 36% are in the 31-40 age group, 49% are in the 41-50 age group, 14% are in the 51-60 age group, and 1% are in the over-60 age group. Forty-one nationalities are represented among Anadolu Group's employees. Newly-graduated university students are recruited and are becoming a part of the group every year.

With operations in 19 countries and with 35 companies based outside Turkey, Anadolu Group provides its employees with opportunities to work in different nations and cultures. "Ability to establish cooperative relationships" and "being open to change" are among the criteria on which Anadolu Group employees' performance evaluations have been based. It is thanks to its "global skills" that the group is able to effectively manage cultural differences. Believing in the importance of ensuring the continuity of its in-house culture of working globally, the group therefore conducts its operations with an eye on ensuring that all employees individually regard themselves and behave as value ambassadors for the Group. Adherence to the principles of diversity and equality of opportunity at every level and the maintenance of a demographic structure that successfully embraces different generations are two outstanding qualities that will enable Anadolu Group to advance confidently into the future.

Corporate Governance Principles Compliance Report 2019

AG Anadolu Grubu Holding A.Ş. ("the Company") has espoused it as a key management principle to comply with the Corporate Governance Principles ("the Principles") published by the Capital Markets Board of Turkey ("CMB"). All of our Company's activities are carried out in conformity with the said Principles, as well as all applicable regulations and directives.

A crucial step has been taken in terms of consummating our corporate governance practices as a result of the merger realized at the level of holding companies at Anadolu Group by year-end 2017. Within the frame of simplification and transparency with respect to control and organization, increased clarity with respect to joint control and representation of shareholder families and improved sustainability with respect to governance and structures, the Group carried on its operations with a stronger corporate structure in 2019.

The activities carried out for many years at our Company to increase the level of corporate governance compliance were first subjected to corporate governance rating in 2010. In the light of the findings therefrom and our own evaluations, the infrastructure and harmonization work necessary to achieve alignment with additional considerations have been our constant agenda items, making up as an important component of our management systems. Assigned a corporate governance rating of 8.04 on 8 November 2010 as a result of the assessment by SAHA Kurumsal Yönetim ve Kredi Derecelendirme A.Ş. (SAHA), our Company consistently increased its score in the years that followed in view of the importance we attach to corporate governance principles, our willingness to maintain it as a continuous and dynamic process, and the improvements carried out since the assignment of our previous rating score. Hence, our corporate governance rating was most recently updated as 9.54 (on a scale of 10) as of 9 July 2019.

The breakdown of our corporate governance rating on the basis of subsections is presented below:

Subsections	Weight	Rating
Shareholders	25%	92.83
Public Disclosure and Transparency	25%	97.65
Stakeholders	15%	99.48
Board of Directors	35%	93.96
Total		**95.43**

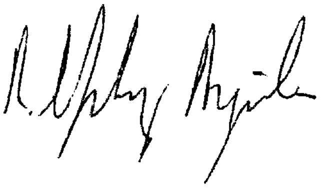
The present Corporate Governance Report provides information about the Company's practices in relation to each heading incorporated in the Corporate Governance Principles; explanations and grounds for unimplemented principles, if any; conflicts of interest resulting from failure to achieve full compliance with these principles, if applicable, and whether there are any plans for future changes in the Company's administrative practices within the frame of these principles.

Based on the operating year covering the period from 1 January 2019 through 31 December 2019, our Company complied with the Corporate Governance Principles, save for some non-compulsory principles, whereas there are no conflicts of interest arising from the non-implemented points summarized below:

- A donations and grants policy has not been established due to the fact that some individual donations in small amounts are made each year at the Company. Shareholders are provided information about the amount of these donations during the ordinary general assembly within the frame of a dedicated agenda item.
- Adopting the principle of having a 25% women ratio in the Board of Directors as a corporate governance principle, our Company has one women board member and will continue working on this topic in the following periods.
- Pursuant to Article 4.6.6 of the “Corporate Governance Principles”, remunerations and all other benefits provided to the Board of Directors members and senior executives are publicly disclosed in the annual report. The said disclosure is not on the basis of individuals, but is differentiated on the basis of the entire Board of Directors and senior management.

Uğur Bayar
Corporate Governance Committee Chairman

Kamilhan Süleyman Yazıcı
Corporate Governance Committee Member



Recep Yılmaz Argüden
Corporate Governance Committee Member

Burak Berki
Corporate Governance Committee Member

Corporate Governance Compliance Report 2019

	Compliance Status					
	Yes	Partial	No	Exempted	Not Applicable	Explanation
Corporate Governance Compliance Report						
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2- Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					
1.3. GENERAL ASSEMBLY						
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7 - Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.	X					
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	X					
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.		X				According to the related provisions of the internal directive on general assembly, guests who are perceived necessary and suitable can attend the general assembly meeting.
1.4. VOTING RIGHTS						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2 - The company does not have shares that carry privileged voting rights.	X					Our company'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. All shares have the same voting rights and there are no privileges regarding voting rights.
1.4.3 - The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such	X					

	Compliance Status					
	Yes	Partial	No	Exempted	Not Applicable	Explanation
1.5. MINORITY RIGHTS						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.	X					
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X			Minority rights are not recognized for shareholders who hold an amount less than one-twentieth of the share capital and our Company has adopted exactly the rate foreseen in the legislation for listed companies.
1.6. DIVIDEND RIGHT						
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.					X	The Company distributed dividend in 2019
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					
2.1. CORPORATE WEBSITE						
2.1.1. - The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X					
2.2. ANNUAL REPORT						
2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					

Corporate Governance Compliance Report 2019

	Compliance Status					
	Yes	Partial	No	Exempted	Not Applicable	Explanation
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 - A whistleblowing program is in place for reporting legal and ethical issues.	X					
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X					
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.		X				Employee Satisfaction and Engagement Survey, designed to support employee participation in management, is a vehicle for employees to express their needs and improvement demands about the organization and is administered once every year. In addition, our employees can share their value-added projects with the management via "Bi Fikir" system developed by Anadolu Group HR Department.
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					
3.3. HUMAN RESOURCES POLICY						
3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					
3.3.2 - Recruitment criteria are documented.	X					
3.3.3 - The company has a policy on human resources development, and organizes trainings for employees.	X					
3.3.4 - Meetings have been organized to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					

	Compliance Status					
	Yes	Partial	No	Exempted	Not Applicable	Explanation
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	X					
3.3.9 - A safe working environment for employees is maintained.	X					
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1 - The company measured its customer satisfaction, and operated to ensure full customer satisfaction.					X	Anadolu Grubu Holding provides Holding services to Group companies
3.4.2 - Customers are notified of any delays in handling their requests.					X	Anadolu Grubu Holding provides Holding services to Group companies
3.4.3 - The company complied with the quality standards with respect to its products and services.					X	Anadolu Grubu Holding provides Holding services to Group companies
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
3.5.2 - The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					

Corporate Governance Compliance Report 2019

	Compliance Status					
	Yes	Partial	No	Exempted	Not Applicable	Explanation
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1 - The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3 - The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	X					
4.2.7 - The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.	X					
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.		X				Our Company has adopted the principle of constituting at least 25% of the total number of board members as women members in 2019 accordingly. Currently there is one woman board member out of 12 Board members.
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					
4.4. BOARD MEETING PROCEDURES						
4.4.1 - Each board member attended the majority of the board meetings in person.	X					
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.	X					
4.4.4 - Each member of the board has one vote.	X					

	Compliance Status					
	Yes	Partial	No	Exempted	Not Applicable	Explanation
4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.	X					
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7 - There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.		X				There are no limits to external commitments of board members. We are acting in accordance with the provisions of TCC and CMB. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.
4.5. BOARD COMMITTEES						
4.5.5 - Board members serve in only one of the Board's committees.	X					
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	No service has been received in 2019.
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
4.6. FINANCIAL RIGHTS						
4.6.1 - The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.			X			No specific study was conducted at board level regarding performance evaluation.
4.6.4 - The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favor of them.	X					
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.		X				Total benefits of the top management are provided in the annual report but not disclosed individually.

Corporate Governance Information Form

1. SHAREHOLDERS	
1.1. Facilitating the Exercise of Shareholders Rights	
The number of investor meetings (conference, seminar/etc.) organised by the company during the year	Investor Relations and Executive management participated in 43 investor meetings both in Turkey and abroad; including the conference calls, number of investors met reached over 90. Two webcasts were held in 2019, sharing the year-end and first half financial results.
1.2. Right to Obtain and Examine Information	
The number of special audit request(s)	0
The number of special audit requests that were accepted at the General Shareholders' Meeting	0
1.3. General Assembly	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	https://www.kap.org.tr/en/Bildirim/754598
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	Provided both in Turkish and English.
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	No such transaction has taken place.
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)	No such transaction has taken place.
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)	No such transaction has taken place.
The name of the section on the corporate website that demonstrates the donation policy of the company	There is no donation policy as our company only makes negligible amounts of donations every year.
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	None.
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	Article 15 of the Articles of Association
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	Independent auditors, rating agencies, and company employees have attended as observers under the cognizance of the company to the General Shareholders' Meeting.
1.4. Voting Rights	
Whether the shares of the company have differential voting rights	No
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	None.
The percentage of ownership of the largest shareholder	48.65%

1.5. Minority Rights	
Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	No
If yes, specify the relevant provision of the articles of association.	None.
1.6. Dividend Right	
The name of the section on the corporate website that describes the dividend distribution policy	Specified in the 'Dividend Distribution Policy' under 'Corporate Governance' subtitle of Investor Relations section at www.anadolugrubu.com.tr
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend.	The Board of Directors did not make any such proposal.
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	The Board of Directors did not make any such proposal.

General Assembly Meetings

General Meeting Date	The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	Shareholder participation rate to the General Shareholders' Meeting	Percentage of shares directly present at the GSM	Percentage of shares represented by proxy	Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	The number of declarations by insiders received by the board of directors	The link to the related PDP general shareholder meeting notification
06.05.2019	0	88.82%	51.18%	37.64%	Investor Relations / Corporate Governance /General Assembly	Investor Relations / Corporate Governance / General Assembly	Article 11.	0	https://www.kap.org.tr/en/Bildirim/761551

Corporate Governance Information Form

2. DISCLOSURE AND TRANSPARENCY	
2.1. Corporate Website	
Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	The Investor Relations section in corporate website www.anadolugrubu.com.tr is updated continuously as required by CMB Corporate Governance Principals.
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	Specified in the 'Ownership Structure' under 'Shareholders and Investor Relations' subtitle title of Investor Relations section at www.anadolugrubu.com.tr
List of languages for which the website is available	Both in Turkish and English
2.2. Annual Report	
The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.	
a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	'Structure and Composition of the Board of Directors' section under 'Additional Information related to Corporate Governance' in the Annual Report and declarations on independence of board members are on Other Information section of the Annual Report.
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	'Number, Structure and Independence of Board of Directors Committees' section under 'Additional Information related to Corporate Governance' in the Annual Report.
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	'Operating Principles of the Board of Directors' section under 'Corporate Governance Information Form' in the Annual Report.
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	None.
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	Explained under 'Other Information' section of the Annual Report.
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	None.
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	None.
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	'Human Resources at Anadolu Group' and 'Sustainability at Anadolu Group' sections in the Annual Report.

3. STAKEHOLDERS	
3.1. Corporation's Policy on Stakeholders	
The name of the section on the corporate website that demonstrates the employee remedy or severance policy	Specified in the 'Indemnity Policy' under 'Corporate Governance' subtitle title of Investor Relations section at www.anadolugrubu.com.tr
The number of definitive convictions the company was subject to in relation to breach of employee rights	None.
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Necessary mechanisms are formed for employees to carry unethical processes to the Audit Committee. The Audit Committee oversees that the management has established a system and regularly monitors compliance to the Company's code of business conduct and ethical rules. The Committee monitors whether the management makes fraud risk assessments and gives code of business conduct and ethics trainings to Company employees. Additionally, there is an Ethical Committee for Anadolu Group employees
The contact detail of the company alert mechanism	Head of Human Resources is also the Head of Ethical Committee.
3.2. Supporting the Participation of the Stakeholders in the Corporation's Management	
Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	Employee Satisfaction and Loyalty Survey creates a platform for the employees every year to express their opinions and ideas for improvement. Also the system called 'Bi Fikir' is created by Anadolu Group Human Resources Department for value added ideas of employees to be shared with the executive management. All these are in the internal communication platform 'AGenda'
Corporate bodies where employees are actually represented	None.
3.3. Human Resources Policy	
The role of the board on developing and ensuring that the company has a succession plan for the key management positions	Organizational development meetings are arranged every year in order to identify and confirm the backup strategy for the key management positions of the Group and also the determination of the action plans as well. Succession plans of some positions in the Group are objectively evaluated for short/mid and long terms and appointments are carried through the assessment and approval of the Board of Directors.
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	Anadolu Group Human Resources policy is developed with the leadership of Human Resources Department and contribution of all Group companies. Within the context of this policy, starting from the hiring stage, it is important for the employees to have the same standards for education, compensation and career opportunities.
Whether the company provides an employee stock ownership programme	There isn't an employee stock ownership program.
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	Specified in the 'Working Principles' under 'Corporate Governance' subtitle of Investor Relations section at www.anadolugrubu.com.tr
The number of definitive convictions the company is subject to in relation to health and safety measures	None.

Corporate Governance Information Form

3.5. Ethical Rules and Social Responsibility	
The name of the section on the corporate website that demonstrates the code of ethics	Specified in the 'Working Principles' under 'Corporate Governance' subtitle of Investor Relations section at www.anadolugrubu.com.tr
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	Specified in the 'Anadolu Group and Social Responsibility' section of Annual Report.
Any measures combating any kind of corruption including embezzlement and bribery	These issues are being considered under Working Principles. While Audit Committee does not conduct a direct audit regarding bribery and corruption related issues, in case of a finding during routine audit or a demand from the executive management the subject is monitored.

4. BOARD OF DIRECTORS-I	
4.2. Activity of the Board of Directors	
Date of the last board evaluation conducted	None.
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	There has been no delegation.
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	5
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Risk Management and Internal Control Mechanism section of the Annual Report.
Name of the Chairman	Tuncay Özilhan
Name of the CEO	Hurşit Zorlu
If the CEO and Chair functions are combined: provide the link to the relevant PDP annoucement providing the rationale for such combined roles	Not combined
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	https://www.kap.org.tr/en/Bildirim/818886
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	None.
The number and ratio of female directors within the Board of Directors	1/12, 8%

Board Members

Name, Surname of Board Member	Whether Executive Director Or Not	Whether Independent Director Or Not	The First Election Date To Board	Link To PDP Notification That Includes The Independency Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether She/ He is the Director Who Ceased to Satisfy The Independence or Not	Whether The Director Has At Least 5 Years' Experience On Audit, Accounting And/Or Finance Or Not
Tuncay Özilhan	Non-executive	Dependent Member	27/12/2017		-	-	Yes
Kamilhan Süleyman Yazıcı	Non-executive	Dependent Member	27/12/2017		-	-	Yes
Salih Metin Ecevit	Non-executive	Dependent Member	27/12/2017		-	-	Yes
Talip Altuğ Aksoy	Non-executive	Dependent Member	27/12/2017		-	-	Yes
Tuğban İzzet Aksoy	Non-executive	Dependent Member	06/05/2019		-	-	Yes
Efe Yazıcı	Non-executive	Dependent Member	06/05/2019		-	-	Yes
Dr. Yılmaz Argüden	Non-executive	Dependent Member	27/12/2017		-	-	Yes
Rasih Engin Akçakoca	Non-executive	Dependent Member	06/05/2019		-	-	Yes
Ali Galip Yorgancıoğlu	Non-executive	Independent Member	27/12/2017	https://www.kap.org.tr/tr/Bildirim/761551	Considered	No	Yes
Uğur Bayar	Non-executive	Independent Member	27/12/2017	https://www.kap.org.tr/tr/Bildirim/761551	Considered	No	Yes
Fatma Aslı Başgöz	Non-executive	Independent Member	24/04/2018	https://www.kap.org.tr/tr/Bildirim/761551	Considered	No	Yes
Dr. Mehmet Ercan Kumcu	Non-executive	Independent Member	24/04/2018	https://www.kap.org.tr/tr/Bildirim/761551	Considered	No	Yes

Corporate Governance Information Form

BOARD OF DIRECTORS-II	
4.4. Meeting Procedures of the Board of Directors	
Number of physical board meetings in the reporting period (meetings in person)	10 meetings have been done physically. Prior to the board decisions taken on dates other than the dates of these meetings, the directors have been informed and the issues have been discussed as necessary.
Director average attendance rate at board meetings	91%
Whether the board uses an electronic portal to support its work or not	Yes
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	Information to directors is provided around 3 to 5 days ahead of the board meeting to ensure smooth flow of information among members.
The name of the section on the corporate website that demonstrates information about the board charter	Specified in the article of 11 the 'Articles of Association' under 'Corporate Governance' subtitle title of Investor Relations section at www.anadolugrubu.com.tr
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	None.
4.5. Board Committees	
Page numbers or section names of the annual report where information about the board committees are presented	'Number, Structure and Independence of Board of Directors Committees' section under 'Corporate Governance' in the Annual Report.
Link(s) to the PDP announcement(s) with the board committee charters	https://www.kap.org.tr/en/Bildirim/657773

Composition of Board Committees-I

Names Of The Board Committees	Name Of Committees Defined As "Other" In The First Column	Name-Surname of Committee Members	Whether Committee Chair Or Not	Whether Board Member Or Not
Corporate Governance Committee		Uğur Bayar	Yes	Board member
Corporate Governance Committee		Kamilhan Süleyman Yazıcı	No	Board member
Corporate Governance Committee		Dr. Yılmaz Argüden	No	Board member
Corporate Governance Committee		Burak Berki	No	Not board member
Audit Committee		Dr. Mehmet Ercan Kumcu	Yes	Board member
Audit Committee		Ali Galip Yorgancıoğlu	No	Board member
Committee of Early Detection of Risk		Fatma Aslı Başgöz	Yes	Board member
Committee of Early Detection of Risk		Rasih Engin Akçakoca	No	Board member
Committee of Early Detection of Risk		Talip Altuğ Aksoy	No	Board member

4. BOARD OF DIRECTORS-III	
4.5. Board Committees-II	
Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	'Board of Directors' Assessment of the Operating Principles and Efficiency of the Committees under the Board of Directors' section under 'Additional Information related to Corporate Governance' in the Annual Report.
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	'Board of Directors' Assessment of the Operating Principles and Efficiency of the Committees under the Board of Directors' section under 'Additional Information related to Corporate Governance' in the Annual Report.
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	The functions of the Nomination committee, which is not present, are being fulfilled by the Corporate Governance Committee.
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	'Board of Directors' Assessment of the Operating Principles and Efficiency of the Committees under the Board of Directors' section under 'Additional Information related to Corporate Governance' in the Annual Report.
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	The functions of the Remuneration committee, which is not present, are being fulfilled by the Corporate Governance Committee.
4.6. Financial Rights	
Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	Specified in Chairman's Message and CEO's Assessment in Annual Report.
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	Specified in the 'Compensation Principles' under 'Corporate Governance' subtitle title of Investor Relations section at www.anadolugrubu.com.tr
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	Specified in note 32.3 Related Party Transactions in Financial Statements.

Composition of Board Committees-II

Names Of The Board Committees	Name of committees defined as "Other" in the first column	The Percentage Of Non-executive Directors	The Percentage Of Independent Directors In The Committee	The Number Of Meetings Held In Person	The Number Of Reports On Its Activities Submitted To The Board
Corporate Governance Committee		75%	25%	4	3
Audit Committee		100%	100%	4	5
Committee of Early Detection of Risk		100%	33%	3	3

Additional Information on Corporate Governance

SHAREHOLDERS

1. Shareholder Relations Unit

At the Company, there is the Investor Relations Unit reporting to Onur Çevikel, the Chief Financial Officer. The unit is staffed by the following individuals who hold CMB Advanced Level and CMB Corporate Governance Rating licenses.

İrem Çalışkan Dursun [(1)] - Corporate Governance and Investor Relations Coordinator
Tel: +90 216 5788559
Fax: +90 216 5737464
E-mail: irem.caliskan@anadolugroup.com

Burak Berki - Investor Relations Manager
Tel: +90 216 5788647
Fax: +90 216 573 58 02
E-mail: burak.berki@anadolugroup.com

As per the requirements of Corporate Governance Principles, Burak Berki is also assigned as a member of the Corporate Governance Committee.

Investor Relations Unit is responsible primarily for ensuring the communication between the Board of Directors and shareholders, and exercise of shareholders' rights. In this context, Investor Relations Unit is assigned with making the material event disclosures on topics prescribed pursuant to the Capital Market legislation, preparing periodic information sheets about operations in order to keep the investors informed, providing the Company website's content, creating the annual report, fulfilling shareholders' written/verbal information requests and so on.

An annual report on the activities of the Investor Relations Unit is prepared and presented to the Corporate Governance Committee within the first two months of the subsequent year. The report summarizing the investor relations activities during 2019 were submitted in the Corporate Governance Committee's first meeting held on 28 February 2019. In that meeting, detailed information was provided about the action plans for investor relations, which were quickly enforced in the aftermath of the AG Anadolu Group Holding reorganization, along with information about our increased activities and the plans for the period ahead.

When necessary, the Corporate Governance Committee provides information to the Board of Directors about the content of the investor relations report during the Board meetings. In addition, feedback is sought from the Board of Directors at relevant times about our corporate governance rating report, our weaknesses and improvement areas regarding corporate governance.

2 Exercise of Shareholders' Right to Information

In line with the Company's Disclosure Policy, special emphasis is placed on conveying all necessary information in a timely and complete manner to all shareholders so as to ensure due exercise of their shareholding rights. Information requests from shareholders are considered within this framework and information is disclosed within the scope of the content made public previously.

During the reporting period, contact was established with domestic and international institutional and individual investors, shareholders and analysts about the Company's operating results, performance and other developments in 2019, and all matters prescribed as per the Capital Market Legislation have been disclosed to the public by way of material event disclosures and press releases.

The up-to-date versions of material event disclosures and the Company presentation summarizing the latest developments concerning the Company are posted on the corporate website, thereby enabling investors to exercise their right to obtain information electronically in the easiest fashion. On the other hand, questions of individual investors who contact us through the contact form available on the Company website are responded to as soon as possible in line with the publicly disclosed information.

The Company's Articles of Association contains no provisions that complicate the conduct of a special audit, and the Company administration avoids any transactions that might complicate the same. The Company acts in accordance with the relevant provisions of the Turkish Commercial Code (TCC) with respect to the exercise of the right to request a special audit. During 2019, the shareholders did not request the appointment of a special auditor.

[(1)] İrem Çalışkan Dursun, who served as the Corporate Governance and Investor Relations Coordinator and Member of the Corporate Governance Committee in our Company, has resigned as of 31 January 2020. Burak Berki, our Company's Investor Relations Manager, has been assigned for the vacant memberhip position of the Corporate Governance Committee.

3. Voting Rights and Minority Rights

There are no implementations complicating the exercise of voting right at the Company; necessary mechanisms are in place that will grant each shareholder, including those abroad, the chance to cast their votes in the easiest and the most convenient fashion within the frame of the TCC's provisions governing electronic general assembly.

There are two share groups, namely Groups A and B, at AG Anadolu Grubu Holding. Save for the privilege granted to Group B to nominate six of the Board of Directors members composed of 12 members, these shares are entitled to same rights.

The Company takes utmost care with respect to exercise of minority shares. In line with the provision of Article 4.3.3 of the Corporate Governance Principles, independent members serving on the Company's Board of Directors are capable of performing their duties without prejudice, hence they contribute to impartial management of the Company and ensure protection of minority rights. While minority rights can be granted to those holding less than one twentieth of the capital by way of the Articles of Association pursuant to the Corporate Governance Principles, the Company's Articles of Association do not contain any provisions broadening the scope of minority rights beyond the limits set forth by the law.

4. Dividend Right

No shareholders are granted any privileges with respect to participating in the Company's profit. Profit distribution has taken place within the legally prescribed period of time.

Our Dividend Distribution Policy, which was approved by the Board of Directors decision dated 23 February 2018 and was presented for the information of shareholders at the General Assembly Meeting convened on 26 April 2018, is given below.

"DIVIDEND DISTRIBUTION POLICY

In accordance with the Turkish Commercial Code, Capital Markets Board regulations, tax regulations and other related regulations together with provisions regarding dividend distribution in our Company's Articles of Association;

(i) During the first (5) years following the Merger registered on 27 December 2017; at least, the higher of the below will be paid in cash;

a) 25% of the distributable income based on unconsolidated financial statements of our Company,

b) 50% of the distributable income of our Company for the related period, except for special conditions caused by investment and other funding requirements necessary for the long term growth of the Company as well as extraordinary developments in economic conditions.

(ii) During years, following the 5th year of the Merger registered on 27 December 2017; at least, the higher of the below will be paid in cash;

a) 20% of the distributable income based on unconsolidated financial statements of our Company,

b) 50% of the distributable income of our Company for the related period, except for special conditions caused by investment and other funding requirements necessary for the long-term growth of the Company as well as extraordinary developments in economic conditions.

Nonetheless; in case of the disallowance of cash dividend payments, the prohibition of cash dividend payments, the obligations of the company to pay less or more than the approved amount or to issue shares to take place of cash payment or the evaluation of the distributable dividends as "withdrawal of cash" partially or completely due to tax regulations, by Capital Markets Board or another official institution, administrative or legal regulation for whatever reason; the abovementioned regulations will be in place and according to these circumstances company does not pay dividends in cash or does not pay cash dividends in the amounts specified above.

Our dividend distribution policy is available at our company's website as well as in the corporate governance report section of the annual report.

5. Share Transfer

There are two share groups, namely Groups A and B, at AG Anadolu Grubu Holding. Save for the privilege granted to Group B to nominate six of the Board of Directors members composed of 12 members, these shares are entitled to same rights. Group A shares are bearer shares, and Group B shares are registered shares.

Information on the two share groups as of 31 December 2019 is presented in the table below:

Share Groups (31.12.2019)	Share in Capital (TRL thousand)	Share Ratio (%)	Voting Rights at the Board of Directors
A (Bearer)	194,828	80.00	-
B (Registered)	48,707	20.00	6
Total	243,535	100.00	-

PUBLIC DISCLOSURE AND TRANSPARENCY

1. Annual Reports

The Company's annual reports are prepared in sufficient detail to provide complete and accurate information about the Company's operations to the public, and so as to contain the information mentioned under Section 2, Article 2.2.2 of Corporate Governance Principles, in addition to considerations specified under other sections of Corporate Governance Principles and in the legislation.

STAKEHOLDERS

1. Keeping Stakeholders Informed

A Disclosure Policy was established to keep stakeholders informed. Anadolu Group Human Resources Policy is followed with respect to keeping employees informed. Our Company does not have any material commercial ties with other stakeholder groups such as creditors, customers, suppliers, unions, etc. and hence, the Company did not create a disclosure mechanism targeting these stakeholder groups.

The necessary mechanisms are established for the stakeholders to communicate the Company's practices which are contrary to the legislation or are unethical to the Audit Committee, which is responsible for monitoring whether a system regarding compliance to the Company's code of business conduct and ethical rules is established by the management, and whether this system runs properly. The Audit Committee also oversees that the management monitors the Company's compliance to code of business conduct and code of ethics, makes fraud risk assessments and gives fraud, code of business conduct and code of ethics trainings to employees. Additionally, there is an Ethics Committee to which Anadolu Group employees have access.

The Company implements the provisions of applicable legislation in the utilization of mechanisms such as compensation provided to stakeholders. Pursuant to Article 3.1.2 of Corporate Governance Principles appended to the CMB's Corporate Governance Communiqué no. II-17.1, a Compensation Policy for employees was drawn up and posted on the company website upon being approved by the Board of Directors decision dated 30 September 2015.

"Anadolu Grubu Holding A.Ş. Compensation Policy

The Company implements the provisions of the Labor Law no. 4857 in relation to severance and notice pay. In the event that the Labor Law no 4857 is modified, the provisions of the applicable law that will enter into force will be applied.

Within this framework;

The provisions of the Labor Law no. 4857 and Article 14 of the superseded Labor Law no. 1475 with reference to Provisional Article 6 of the Labor Law no. 4857 are applied in entitlement to severance pay.

Aggregated new job search leave in relation to the notice pay can be applied if and only when the employee shall have made a written request to that effect on the date the notice time is given."

2. Stakeholder Participation in Management

Models supporting participation of stakeholders and primarily company employees in the Company management are developed in a manner not to hinder the activities of the Company. Relevant actions are summarized below:

Open to shareholders, General Assembly meetings provide an open platform for shareholders to convey their positive or negative opinions about the Company. Furthermore, the contact form on the Company website is also an effective communication mechanism for shareholders.

On the other hand, Employee Satisfaction and Engagement Survey designed to support employee participation in management is a medium for employees to express their desires and improvement demands about the organization for which they work, and is administered once every year. In addition, our employees can share their value adding suggestions with the management via the "Bi Fikir" system developed by the Anadolu Group HR Department.

Employee Loyalty Survey is another instrument for our employees to convey their requests and improvement demands about the organization for which they work, and is administered periodically.

In this respect, from the standpoint of our shareholders and employees, stakeholder feedback is sought in important decisions that have implications for stakeholders.

On another front, being an investment company that is mainly engaged in the administration of its subsidiaries, our Company did not design arrangements for participation of other stakeholder groups in management other than shareholders and employees.

3. Human Resources Policy

Our Company espouses the Anadolu Group Human Resources Policy developed under the Human Resources Department's leadership and with the contributions of all Anadolu Group companies.

Anadolu Group;

- Aims to create an HR potential possessing a global perspective and set of skills, without exercising discrimination on the basis of cultural differences;
- Targets to contribute added value to the entire organization by increasing employee motivation and building on their skills;
- Espouses a business culture that constantly pursues the better, working as a team on the basis of knowledge in a business environment built on open communication and mutual trust, and works to put the same into life;
- Does not discriminate on the basis of race, nationality, religion, sex and faith while maintaining any kind of relationship with its employees. The Group takes pride in the differences and cultural diversity of its employee body, and regards this diversity as a tool for development;
- Makes it a principle to offer its employees a safe and peaceful working environment and to take due care to protect their health;
- Deems it as its duty to respect and protect the rights employees have by virtue of laws and regulations;
- Attaches great importance to training at every stage and level to gear up the employees for the future, offers it transparently through the systems created, and "invests in human";
- Takes care to provide equality of opportunity in various aspects including training, remuneration and career to employees who join the Anadolu Group family starting immediately from their hiring.

4. Ethical Rules and Social Responsibility

Our Company gives the utmost importance to ethical rules. These values are being implemented for many years within the corporate culture notion of Anadolu Group. Anadolu Group HR Department has made the report titled "Anadolu Group Working Principles" about this topic available for all employees; the document can also be reached at the Company website, under the Corporate Governance tab.

On the other hand, in a bid to consolidate compliance with the capital market legislation and corporate governance practices at Anadolu Group, which enjoys a high level of recognition and reliability in national and international capital markets, Anadolu Group Working Principles - Appendix that has been prepared for the Group companies was enforced based on the Company's Board of Directors decision dated 4 June 2009. The said document reminds the Group employees of their regulatory obligations with respect to insider trading and also raises a "Black-out Period" practice that bans the trading of related company stock for those who are included in the list of individuals with access to inside information at publicly-floated Group companies.

The Anadolu Group Working Principles - Appendix is posted on the corporate website, under the Corporate Governance tab.

Through the Anadolu Education and Social Assistance Foundation supported by the Anadolu Group companies, our Company contributed to giving more than 50 institutions in the areas of education, healthcare and community to Turkey to date. The Foundation works to create added value for the development of educators, in particular, and continues to contribute value and social benefit to the society through its "My Dear Teacher" initiative.

Representing one of the most notable projects of the Foundation, Anadolu Medical Center (ASM) began offering services in February 2005 as a general hospital in Gebze, İzmit. Having a strategic partnership with Johns Hopkins Medicine (JHM), one of the leading healthcare institutions in the USA, Anadolu Medical Center provides services in all branches, and is particularly specialized in cardiovascular health, cancer and hematology. In the latest report released by the Ministry of Health, ASM was cited as the "hospital admitting the most foreign patients in Turkey".

On the other hand, set up in 1976 by our Group in a bid to contribute to advancement of sports in our country and having celebrated its 45th year, Anadolu Efes Sports Club signs its name under major achievements across Europe. Free-of-charge basketball schools organized by Anadolu Efes Basketball Club's expert instructors and coaches offer basketball training and open the door for a bright future for the younger generations.

BOARD OF DIRECTORS

1. Structure and Composition of the Board of Directors

Members of our Board of Directors were elected to serve a term of office of one (1) year based on the resolution adopted in the Extraordinary General Assembly convened on 26 May 2019.

Tuncay Özilhan	Chairman
Kamilhan Süleyman Yazıcı	Vice Chairman
Salih Metin Ecevit	Member
Talip Altuğ Aksoy	Member
Tuğban İzzet Aksoy	Member
Efe Yazıcı	Member
Dr. Yılmaz Argüden	Member
Rasih Engin Akçakoca	Member
Ali Galip Yorgancıoğlu	Independent Member
Uğur Bayar	Independent Member
Fatma Aslı Başgöz	Independent Member
Dr. Mehmet Ercan Kumcu	Independent Member

All of the members serving on our Board of Directors are non-executive members. The CEO of the Company is Mehmet Hurşit Zorlu. The resumés of our Board members and CEO, covering the outside positions they hold, are presented in the 2019 Annual Report and posted on the company website. The positions our Board members hold outside the Company are also summarized in the table below:

Board Member	Outside Positions Currently Held
Dr. Yılmaz Argüden	Chairman of the Board of Directors at ARGE Consulting and Rothschild Turkey Board of Directors Member at Akiş REIT
Uğur Bayar	Board of Directors Member at Tekfen Teknoloji and SAMUMED, Chairman at WWF Turkey
Ali Galip Yorgancıoğlu	Board of Directors Member at Koton Tekstil
Dr. Mehmet Ercan Kumcu	Board of Directors Member at Tekfen Holding, Toros Tarım, Tekfen Sigortacılık and Tekfen Teknoloji
Fatma Aslı Başgöz	White & Case Europe Advisory Services Partner

2. Operating Principles of the Board of Directors

Articles 9, 10, 11, 12 and 13 of the Company's Articles of Association set out the operating principles of the Board of Directors.

The Board of Directors meets as, when and where necessitated by the Company affairs. The Board of Directors meets upon invitation by the chairman, and in his/her absence, by the vice chairman. The agenda, meeting place and meeting time are set by the individual convening the Board of Directors for a meeting. Any Board member may ask the Chairman in writing to convene the Board, in which case the Chairman shall invite the Company's Board of Directors for a meeting in the shortest time legally possible.

In 2019, Board of Directors of the Company had 10 physical meetings, with the attendance of all members to 3, 11 members to 4, and 10 members to 1 meeting. Prior to the meetings, necessary information was provided to board of directors and required discussions were realized.

Questions posed by Board members in the meetings and reasonable and detailed grounds for dissenting votes, if applicable, in relation to difference in opinions, are entered into the decisions record. Each member on the Board of Directors is entitled to one vote, and there are no weighted votes and/or negative vetoing rights.

Board of Directors decisions passed in relation to the Company's transactions of a material nature with the related parties are carried out with the approval of the majority of independent Board members in line with Corporate Governance Principles. During 2019, no material transactions with related parties requiring the Company's Board of Directors decision were carried out.

Our Company has an officers' liability insurance policy covering the Board members and executives in our Company and in our subsidiaries, in order to provide coverage for any losses that such individuals may cause to the company as a result of their faults during the performance of their duties.

3. Number, Structures and Independence of Board of Directors Committees

The Board of Directors decision concerning the appointment of the new Board of Directors members elected at the General Assembly convened on 6 May 2019 to committees was passed on 7 May 2019.

	Independent member?	Executive member?
Audit Committee		
Dr. Ercan Kumcu - Chairman	Yes	No
Ali Galip Yorgancıoğlu - Member	Yes	No
Corporate Governance Committee		
Uğur Bayar - Chairman	Yes	No
Kamilhan S. Yazıcı- Member	No	No
Dr. Yılmaz Argüden - Member	No	No
İrem Çalışkan Dursun (*) - Member	Not a Board member	Not a Board member
Committee for the Early Detection of Risks		
Fatma Aslı Başgöz - Chairman	Yes	No
Rasih Engin Akçakoca - Member	No	No
Talip Altuğ Aksoy - Member	No	No

(*) Resigned from his position effective 31 January 2020 and was succeeded by Burak Berki.

The functions of the Nomination and Remuneration committees, which are currently not present under the Board of Directors, are being fulfilled by the Corporate Governance Committee in accordance with the Corporate Governance Principles.

As per the Corporate Governance Principles, the Board of Directors determines and publicly discloses the duties and operating principles of the committees, as well as the members that will form them.

The Board of Directors' assessment of the operating principles and efficiency of the committees under the Board of Directors is presented at the end of the section titled Additional Information on Corporate Governance (Att. 1).

4. Risk Management and Internal Control Mechanism

The Company is a holding company basically engaged in the administration of its subsidiaries and associates, and has no other operations. In this sense, the Company's day-to-day operations consist of taking investment decisions, making capital call payments for these investments, and management of the cash holdings resulting from dividend collections. The operation of internal control systems for these activities is included within the job description of the Company's Financial Affairs Director. The responsibilities of the Company's Financial Affairs Director in relation to the running of the internal control system are supervised firstly by the Company's CFO and CEO, and ultimately by the Audit Committee.

In the Audit Committee's assessment of the effectiveness of the internal control system and the outcomes of internal control activities, the Audit Report produced by the Audit Department is taken into consideration as one of the most important sources of data, and the Audit Committee shares the suggestions formulated based on the findings in the said Report with the Board of Directors.

In addition to the above, individual internal control systems have been set up in each of the subsidiaries and associates in our investments portfolio, the fundamental principles of which have been determined by our Financial Affairs Department. The individuals in charge of the operation of these systems have been appointed from within the own organizations of the respective companies.

Due to the reasons explained above, Corporate Risk Management Coordination actively works together with the Company's CEO and is supervised by the Committee for Early Detection of Risks for implementing our risk management concept which relies on identifying the existing and potential risk exposure of the Company, developing and monitoring the practices for minimizing the identified risks.

The Company's existing and potential risk exposure is basically classified as follows:

- Financial risks: assets and liabilities risk, credibility, capital/indebtedness relationship, exchange rate risk and other risk factors with a potential direct impact upon the Company's financial condition.
- Operational risks: risk factors which might affect the efficiency of the Company operations, its productivity, profitability, prestige and business continuity in line with the Company's goals and which may be managed through the control environment to be created by the management.
- Strategic Risks: Risk factors arising from the country, geography and the competitive environment in which the Company is active and which might affect the Company's existence and sustainable growth.
- Risk factors which might negatively affect the Company's occupational health and safety and business continuity such as states of emergency and disasters, fire, earthquake and floods, and for which contingency action plans are devised and tested.

In all of the subsidiaries and associates in our portfolio, an individual in charge of the coordination of risk management activities has been appointed, who will be led and supervised by the Company's CEO and Corporate Risk Management Coordinator, and designated as an integral part of risk management activities at all of our subsidiaries and associates within the scope mentioned above. As part of their strategic planning processes, all of our subsidiaries and associates assess financial, operational and strategic risks, identify their respective priority risks, create their risk maps, follow the action plans necessary to manage these risks, and integrate their investment decisions in their strategic business plans. The extensively used SAP and ERP systems enable measurement within this framework and are heavily employed in supporting decision support processes and they increase the efficiency of internal control systems. The financial affairs units of our subsidiaries and associates actively take part in the management of financial risks, and activities on the main headings of assets/liabilities management, capital/debt balance, exchange rate risk and budget/actuals make up a substantial part of risk management systems. There are compulsory policies that must be adhered to for contingencies and disasters, and necessary drills and follow-up actions are in place.

The external audit of our Company has been carried out by the independent audit firm DRT Bağımsız Denetim ve Serbest Muhasebeci Müşavirlik A.Ş. in 2019. The financial audit of our Company, on the other hand, has been conducted by Osman Özen, CPA.

5. Strategic Goals of the Company

Our mission is spelled out as contributing in the most effective manner to achievement of their goals by Anadolu Group companies, in the administrations of which we take place by virtue of our shareholding interests, and thus, maximizing the value that can be transferred to our shareholders. The central principles of this mission are as follows:

- Continued growth in the main lines of business,
- Cooperation with international companies,
- Act on a global vision based on local action,
- Experienced management team,
- Flexible and innovative management concept,
- Consumer-oriented approach,
- Capitalizing on extensive distribution network, and
- Cautious approach in terms of financial indebtedness.

AG Anadolu Group Holding devises the strategic plans on the basis of subsidiaries. Each year, the said goals and indicators set for each subsidiary are discussed in the budget meetings held at the onset of the year and approved by the boards of directors on which members representing the Company also sit. In a number of ordinary board of directors meetings held during the year, operating results are reviewed in comparison with previous year performances and targeted values.

6. Financial Rights

Pursuant to the resolution adopted in the annual Ordinary General Assembly, the Board of Directors members apart from independent members do not receive any remuneration. On the other hand, based on the resolution adopted in the Extraordinary General Assembly convened on 6 May 2019, each member appointed as independent Board members will be paid an annually net remuneration of TRL 153,000, a level that will ensure preservation of their independence throughout their terms of office. Other than that, there are no remunerations or benefits provided to the Board of Directors.

Remuneration principles of the Company's Board of Directors members and senior executives have been put into writing, and approved and enforced based on the Board of Directors decision dated 26 April 2012. These principles are also accessible on the Company website.

As per Article 4.6.6 of the Corporate Governance Principles, remuneration and all other benefits provided to senior executives, besides Board members, are publicly disclosed in the annual report. The said disclosure makes a differentiation among Board of Directors and senior executives as mentioned in the above paragraph.

The Company did not lend any money, extend any credit, grant an extension or improved terms on any loans or credits extended, allocate a loan under the name personal loan through a third party to any Board of Directors member or senior executive, nor did it grant guarantees in their favor such as suretyship.

APP. 1

Board of Directors' Assessment of the Operating Principles and Efficiency of the Committees under the Board of Directors

In 2019, the Audit Committee, the Corporate Governance Committee, and the Committee for Early Detection of Risks fulfilled their duties and responsibilities imposed upon them by their respective charters, and operated effectively. As a result of the AG Anadolu Group Holding organization, charters of all our committees have been updated and disclosed on KAP on 2 February 2018.

- Responsible for effective implementation of the internal control system along with taking all necessary measures for adequate and transparent conduct of all kinds of internal and independent audits, the Audit Committee conveyed all of its suggestions in all of its responsibility areas, including its opinions and recommendations regarding internal audit and internal control system.

- Set up to monitor the Company's compliance with Corporate Governance Principles, to undertake improvement efforts and to present recommendations to the Board of Directors in this regard, the Corporate Governance Committee has established whether Corporate Governance Principles are being implemented at the Company, grounds for non-implementation, if applicable, and conflicts of interest arising from failure to achieve full compliance with these principles. The Corporate Governance Committee presented improvement suggestions for corporate governance practices to the Board of Directors and supervised the activities of the Investor Relations Unit.

- Carrying out activities to early detect the risks that may endanger the Company's existence, development and survival, to implement necessary measures in relation to identified risks, and to manage the risks, the Committee for Early Detection of Risks has reviewed the Company's risk management systems in accordance with the Corporate Governance Principles and the Charter of the Committee for Early Detection of Risks.

Financial Review

SUMMARY FINANCIALS

Beer (TRL million)	4Q18*	4Q19	Change	4Q19 (excl. IFRS16)	Change	2018*	2019	Change	2019 (excl. IFRS16)	Change
Sales Volume (mhl)	8.2	8.6	4.8%	8.6	4.8%	34.2	36.2	5.9%	36.2	5.9%
Net Sales	2,324	2,863	23.2%	2,863	23.2%	8,541	11,069	29.6%	11,069	29.6%
Gross Profit	898	1,235	37.5%	1,235	37.5%	3,256	4,583	40.7%	4,583	40.7%
EBITDA (BNRI)	439	592	35.0%	573	30.5%	1,120	1,768	57.9%	1,706	52.4%
Net Income	55	189	240.8%	192	246.4%	-171	703	n.m.	714	n.m.
Gross Profit Margin	38.6%	43.1%		43.1%		38.1%	41.4%		41.4%	
EBITDA Margin	18.9%	20.7%		20.0%		13.1%	16.0%		15.4%	
Net Income Margin	2.4%	6.6%		6.7%		-2.0%	6.3%		6.4%	

Soft Drinks (TRL million)	4Q18	4Q19	Change	2018	2019	Change
Sales Volume (million unit case)	229	230	0.8%	1,315	1,316	0.1%
Net Sales	2,001	2,220	10.9%	10,623	12,245	15.3%
Gross Profit	573	771	34.4%	3,527	4,207	19.3%
EBITDA	160	270	68.6%	1,919	2,283	19.0%
Net Income	156	1	-99.6%	321	966	200.7%
Gross Profit Margin	28.6%	34.7%		33.2%	34.4%	
EBITDA Margin	8.0%	12.1%		18.1%	18.6%	
Net Income Margin	7.8%	0.0%		3.0%	7.9%	

Migros (TRL million)	4Q18	4Q19	Change	4Q19 (excl. IFRS16)	Change	2018	2019	Change	2019 (excl. IFRS16)	Change
Net Sales	4,923	5,997	21.8%	5,997	21.8%	18,717	23,191	23.9%	23,191	23.9%
Gross Profit	1,327	1,515	14.2%	1,493	12.5%	4,881	6,205	27.1%	6,121	25.4%
EBITDA	359	462	28.8%	317	-11.6%	1,217	2,236	83.7%	1,531	25.7%
Net Income	371	-290	n.m.	-295	n.m.	-836	-492	41.1%	-353	57.7%
Gross Profit Margin	27.0%	25.3%		24.9%		26.1%	26.8%		26.4%	
EBITDA Margin	7.3%	7.7%		5.3%		6.5%	9.6%		6.6%	
Net Income Margin	7.5%	-4.8%		-4.9%		-4.5%	-2.1%		-1.5%	

Automotive (TRL million)	4Q18	4Q19	Change	4Q19 (excl. IFRS16)	Change	2018	2019	Change	2019 (excl. IFRS16)	Change
Net Sales	1,207	1,520	26.0%	1,520	26.0%	3,907	4,163	6.5%	4,163	6.5%
Gross Profit	138	229	66.5%	229	66.4%	686	667	-2.8%	667	-2.8%
EBITDA	118	154	30.4%	152	29.1%	424	433	2.1%	427	0.8%
Net Income	-48	27	n.m.	27	n.m.	-492	-209	57.5%	-208	57.7%
Gross Profit Margin	11.4%	15.1%		15.1%		17.6%	16.0%		16.0%	
EBITDA Margin	9.8%	10.1%		10.0%		10.9%	10.4%		10.3%	
Net Income Margin	-4.0%	1.8%		1.8%		-12.6%	-5.0%		-5.0%	

Retail (TRL million)	4Q18	4Q19	Change	4Q19 (excl. IFRS16)	Change	2018	2019	Change	2019 (excl. IFRS16)	Change
Net Sales	234	311	32.9%	311	32.9%	1,200	1,399	16.5%	1,399	16.5%
Gross Profit	26	44	68.8%	34	28.1%	248	302	22.0%	258	4.1%
EBITDA	-8	30	n.m.	-2	67.6%	111	238	114.1%	111	-0.5%
Net Income	-36	-36	0.1%	-32	10.1%	-11	-40	-270.7%	-25	-138.0%
Gross Profit Margin	11.2%	14.3%		10.8%		20.7%	21.6%		18.5%	
EBITDA Margin	-3.2%	9.5%		-0.8%		9.3%	17.0%		7.9%	
Net Income Margin	-15.4%	-11.5%		-10.4%		-0.9%	-2.8%		-1.8%	

Other (TRL million)	4Q18	4Q19	Change	4Q19 (excl. IFRS16)	Change	2018	2019	Change	2019 (excl. IFRS16)	Change
Net Sales	134	85	-36.6%	85	-36.6%	381	628	64.8%	628	64.8%
Gross Profit	39	31	-20.3%	31	-20.3%	148	154	4.0%	154	4.0%
EBITDA	9	-4	n.m.	-6	n.m.	20	39	95.3%	29	48.2%
Net Income**	295	-193	n.m.	-194	n.m.	-690	-472	31.6%	-470	31.8%
Gross Profit Margin	29.1%	36.6%		36.6%		38.8%	24.5%		24.5%	
EBITDA Margin	6.4%	-4.7%		-6.7%		5.2%	6.1%		4.7%	
Net Income Margin	220.1%	-227.1%		-227.8%		-181.1%	-75.2%		-74.9%	

Consolidated (TRL million)	4Q18*	4Q19	Change	4Q19 (excl. IFRS16)	Change	2018*	2019	Change	2019 (excl. IFRS16)	Change
Net Sales	5,857	12,794	118.4%	12,794	118.4%	24,456	45,240	85.0%	45,240	85.0%
Gross Profit	1,639	3,418	108.6%	3,385	106.6%	7,727	13,760	78.1%	13,654	76.7%
EBITDA	696	1,465	110.6%	1,248	79.4%	3,453	6,266	81.4%	5,540	60.4%
Net Income	267	772	189.2%	777	191.3%	-1,217	544	n.m.	644	n.m.
Gross Profit Margin	28.0%	26.7%		26.5%		31.6%	30.4%		30.2%	
EBITDA Margin	11.9%	11.4%		9.8%		14.1%	13.8%		12.2%	
Net Income Margin	4.6%	6.0%		6.1%		-5.0%	1.2%		1.4%	

Proforma Consolidated (TRL million)	4Q18	4Q19	Change	4Q19 (excl. IFRS16)	Change	2018	2019	Change	2019 (excl. IFRS16)	Change
Net Sales	10,629	12,794	20.4%	12,794	20.4%	42,544	51,699	21.5%	51,699	21.5%
Gross Profit	2,956	3,418	15.7%	3,385	14.5%	12,562	15,587	24.1%	15,458	23.0%
EBITDA	1,049	1,459	39.1%	1,242	18.4%	4,644	6,911	48.8%	5,951	28.1%
Net Income	267	772	189.2%	777	191.3%	-1,217	544	n.m.	644	n.m.
Gross Profit Margin	27.8%	26.7%		26.5%		29.5%	30.1%		29.9%	
EBITDA Margin	9.9%	11.4%		9.7%		10.9%	13.4%		11.5%	
Net Income Margin	2.5%	6.0%		6.1%		-2.9%	1.1%		1.2%	

*2018 Proforma figures assume realization of ABI Efes JV as of 1 January 2018 instead of actual April 1st. Therefore proforma 2018 restated results include 3 months of operation of combined business. In addition to actual results, 2018 figures also include the incremental depreciation charge in 2019 which is a result of the revaluation of fixed assets as required by IFRS 3.

**As Migros is started to be fully consolidated, net income impact for the first 4 months has been excluded from net income of other segment

Financial Review

MESSAGE FROM CEO MR. HURŞİT ZORLU

“Despite the rapid changes in macro balances, 2019 was a year in which we made significant progress and maintained our growth. We are happy to announce that our consolidated net sales grew by 21.5% and EBITDA by 28.1% in 2019, thanks to strong and healthy growth trends of our major operations.

If we evaluate the performances of our major operations in 2019; in Beer segment, market outperformance of Russia and Ukraine, while extracting synergies ahead of targets made substantial contribution to our successful results since the beginning of the year. In Soft Drinks operations, quality growth algorithm maintained in the third consecutive year. Our operations continued to grow and maintain market share in majority of the markets. In Migros, while market share gains in both total and modern FMCG continued during 2019, digital transformation is integrated to all business processes in order to assure sustainable growth.

With the priority of generating strong free cash flow in all of our businesses, we continue to take necessary action plans and execute accordingly. On top of synergies created from our international Beer operations, strong operational profitability of Soft Drinks and Migros operations also contributed to the generation of TRL 3.5 billion consolidated free cash flow in 2019. The importance we attach to this issue will continue in the coming periods.

In this context, we are also happy that our net debt/EBITDA ratio was down to 1.9x as of 2019-end. We continue to work in a proactive manner for optimizing the level and debt structures across all of our segments.

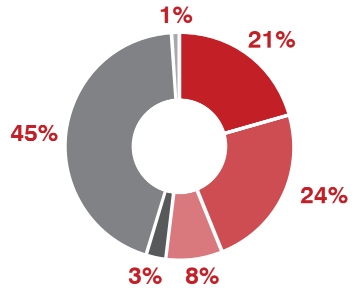
As Anadolu Group, we will keep on doing our duties in the best way, carry out innovative and pioneering works and add value to every field that we operate in 2020. We will continue to execute our prudent and effective financial management approach this year with decisiveness and precision, targeting sustainable growth.

CONSOLIDATED FINANCIAL PERFORMANCE

Proforma Consolidated (TRL million)	4Q18	4Q19	Change	4Q19 (excl. IFRS16)	Change	2018	2019	Change	2019 (excl. IFRS16)	Change
Net Sales	10,629	12,794	20.4%	12,794	20.4%	42,544	51,699	21.5%	51,699	21.5%
Gross Profit	2,956	3,418	15.7%	3,385	14.5%	12,562	15,587	24.1%	15,458	23.0%
EBITDA	1,049	1,459	39.1%	1,242	18.4%	4,644	6,911	48.8%	5,951	28.1%
Net Income	267	772	189.2%	777	191.3%	-1,217	544	n.m.	644	n.m.
Gross Profit Margin	27.8%	26.7%		26.5%		29.5%	30.1%		29.9%	
EBITDA Margin	9.9%	11.4%		9.7%		10.9%	13.4%		11.5%	
Net Income Margin	2.5%	6.0%		6.1%		-2.9%	1.1%		1.2%	

AG Anadolu Grubu Holding (“Anadolu Group”, “Group”) proforma consolidated net sales were up by 21.5% y-o-y to TRL 51.7 billion in 2019. While Beer segment revenues increased yearly by 29.6%, followed by Migros with 23.9% and Soft Drinks with 15.3%, Retail segment top-line was up by 16.5%. On the other hand, revenues of Automotive segment rose by 6.5% compared to the same period of last year and Other segment, which includes Energy and Real Estate businesses, that have relatively lower shares in the portfolio, contributed positively to the top-line growth with 64.8% increase due to the deliveries of Kartal residential project.

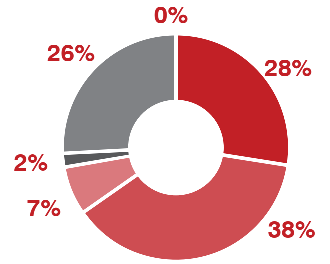
Net Sales Breakdown [*]



Based on 2019 proforma results

- Beer
- Soft Drinks
- Automotive
- Retail
- Migros
- Other

EBITDA Breakdown [*]

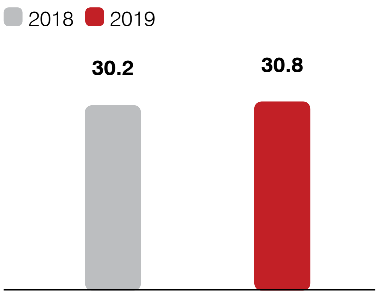


Based on 2019 proforma results

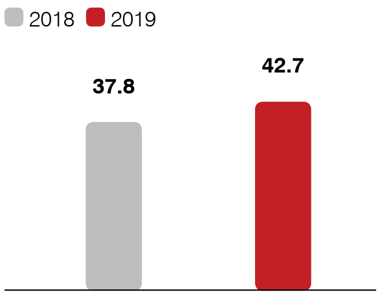
- Beer
- Soft Drinks
- Automotive
- Retail
- Migros
- Other

[*] Sum of segmental percentages may exceed 100% due to eliminations

Share of International Revenues (%)



Share of International EBITDA (%)



Share of international sales in total sales merely increased to 30.8% in 2019 from 30.2% in 2018, EBITDA rose from 37.8% to 42.7% in 2019, with relatively a higher climb, which is attributable to the positive contribution from international beer operations.

Proforma consolidated EBITDA of the Group increased by 28.1% to TRL 6.0 billion in 2019, thanks to strong operational profitability of Beer, Soft Drinks and Migros thru the year. While share of Soft Drinks segment in proforma consolidated EBITDA was at 38%, Beer and Migros constituted 28% and 26% shares, respectively. Remaining Automotive, Retail and Other segments had total of 9% share in EBITDA.

Bottom-line was positively impacted by the one-off gains of TRL 862 million related to the consolidation scope change of Migros. Thus, net income attributable to the parent company increased to TRL 644 million in 2019. Even excluding one-off gains, due to strong operational performance in three major segments, relatively stable TRL and actions taken regarding risk management net loss would have been TRL 218 million in 2019

In line with the efforts to increase **free cash flow** generation, a top agenda item for 2019, Anadolu Group generated TRL 3.5 billion FCF in 2019, thanks to strong operational profitability of Beer and Soft Drinks operations, Migros and asset divestitures as well.

Financial Review

Anadolu Group managed to decrease the debt ratios of all segments. In regard of the plans for effective management of debt and deleveraging, proforma consolidated **net debt/EBITDA** decreased by 90 bps to 1.9x as of 2019-end compared to 2018-end. Strong free cash flow generation, improvement in the profitability and efficiency of our businesses were the main reasons for the decline. Net debt/EBITDA ratios were even lower at comfortable levels of 0.9x and 1.0x for Beer and Soft Drink segments, respectively. Migros also substantially decreased its leverage ratio to 1.3x as of 2019-end vs. 2.3x of 2018-end. Additionally, Automotive segment Net debt/EBITDA decreased to 3.1x as of 2019-end.

As of 2019-end, 32% of **proforma consolidated debt** is short-term and 68% is long-term whereas short-term debt 44% and long-term comprised 56% of total debt as of 2018-end.

In order to refrain from the operational and financial risks related to currency, our Group companies continue to use hedging instruments in 2019.

In line with the strategy of deleveraging the businesses through cash generation, strategic options are evaluated for the divestiture or further utilization our assets. In this context, share purchase agreement has been signed regarding the sale of McDonald's for an equity value of TRL 280.7 million. Share transfer will be completed upon granting the approval of Competition Board.

Segmental Indebtedness**

2019YE (TRL million)	Total Debt	Cash and Cash Equivalents	Net Debt	Net Debt/EBITDA
Beer	4,837	3,262	1,575	0.9
Soft Drinks	5,267	2,933	2,334	1.0
Migros	4,403	2,348	2,055	1.3
Automotive	1,807	488	1,319	3.1
Retail	261	53	208	1.9
Other (incl. Holding)	4,014	260	3,754	n.m.
Holding-only	2,431	200	2,232	n.m.
Proforma Consolidated	20,589	9,344	11,245	1.9
Proforma Consolidated (Euro million)	3,096	1,405	1,691	1.9

2018YE (TRL million)	Total Debt	Cash and Cash Equivalents	Net Debt	Net Debt/EBITDA
Beer	4,285	2,480	1,805	1.5
Soft Drinks	4,943	2,311	2,633	1.4
Migros	4,570	1,769	2,801	2.3
Automotive	2,809	241	2,567	5.9
Retail	334	106	228	2.1
Other (incl. Holding)	3,008	185	2,823	n.m.
Holding-only	1,645	110	1,535	n.m.
Proforma Consolidated	19,945	7,092	12,853	2.8
Proforma Consolidated (Euro million)	3,295	1,172	2,123	2.8

* The effective part of the change in the value of the bonds and loans of Coca Cola İçecek and Anadolu Efes designated as hedging of net investments amounting to TRL 632,700 (TRL 474,705 - 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. Due to the depreciation of TRL, net foreign exchange loss amounting to TRL 354 million on a consolidated basis and TRL 629 million on a proforma consolidated basis was recognized at the end of the period.
** Due to the reclassification of finance lease payables as leasing liabilities in regard of the first time adoption of IFRS16, total debt figures for FY2018 and FY2019 do not include finance lease payables; therefore, total debt, net debt and net debt / EBITDA figures were restated for year-end 2018.

BEER SEGMENT

Beer (TRL million)	4Q18*	4Q19	Change	4Q19 (excl. IFRS16)	Change	2018*	2019	Change	2019 (excl. IFRS16)	Change
Sales Volume (mhl)	8.2	8.6	4.8%	8.6	4.8%	34.2	36.2	5.9%	36.2	5.9%
Net Sales	2,324	2,863	23.2%	2,863	23.2%	8,541	11,069	29.6%	11,069	29.6%
Gross Profit	898	1,235	37.5%	1,235	37.5%	3,256	4,583	40.7%	4,583	40.7%
EBITDA (BNRI)	439	592	35.0%	573	30.5%	1,120	1,768	57.9%	1,706	52.4%
Net Income	55	189	240.8%	192	246.4%	-171	703	n.m.	714	n.m.
Gross Profit Margin	38.6%	43.1%		43.1%		38.1%	41.4%		41.4%	
EBITDA Margin	18.9%	20.7%		20.0%		13.1%	16.0%		15.4%	
Net Income Margin	2.4%	6.6%		6.7%		-2.0%	6.3%		6.4%	

*2018 figures assume realization of ABI Efes JV as of 1 January 2018 (instead of actual April 1st). Therefore 2018 restated results include 3 months of operation of combined business. In addition to actual results, 2018 figures also include the incremental depreciation charge in 2019 which is a result of the revaluation of fixed assets following the merger in Russia & Ukraine as required by IFRS 3.

Beer segment **total sales volume** increased by 5.9% in 2019 driving twelve months cumulative sales volume to 36.2 mhl. **Turkey beer** total sales volume; including exports, was down by 5.2% y-o-y, in line with our expectation of mid-single digit decline. All FMCG sectors continued to be under pressure in the quarter, negatively impacted by the weak demand driven by macro dynamics and the low consumer confidence. **In international beer operations**, sales volume grew by 8.1% to 30.8 mhl. In FY2019, growth on a y-o-y basis was high-single digit in Russia, leading to market share gains since the beginning of the year. Ukraine performed above expectations since the beginning of the year and posted a growth of low-double digits in FY2019 where the market is estimated to be flat. Share of international beer sales volume was 85% in total sales.

Beer segment **net sales revenues** increased by 29.6% in 2019 on a yearly basis to TRL 11.1 billion. **Turkey beer operations** benefitted from price increases made thru the year despite lower volumes. On the other hand, price increases, premiumization, positive translation impact and higher volumes played important role for top-line growth in **international operations**. Share of international beer revenues reached 79% of total revenues in 2019.

Gross profit margin of Beer segment recorded at 41.4% in 2019, implying 330 bps increase. **In Turkey**, higher raw material prices especially in barley, higher packaging costs mostly driven by mix as well as the increase in energy prices were the main reasons of the rise in the cost of sales during the year. **International beer operations** benefitted from operating leverage with strong volume growth, with positive brand mix and synergy generation.

EBITDA emerged at TRL 1.7 billion in 2019 which is 52.4% higher compared to last year. In the domestic market, on top of the increase in the cost of sales, higher sales and marketing expenses related to higher investments in brands and portfolio led to EBITDA deterioration, EBITDA of international operations was positively impacted by the improvement in gross margin, synergies generated in OPEX as well as savings in G&A. Thus, EBITDA margin increased to 15.4% y-o-y. Share of EBITDA in international operations constitute 82% of total EBITDA.

Beer segment recorded TRL 714 million **net profit** in 2019, thanks to higher operational profitability coupled with lower FX losses.

Financial Review

SOFT DRINKS SEGMENT

Soft Drinks (TRL million)	4Q18	4Q19	Change	2018	2019	Change
Sales Volume (million unit case)	229	230	0.8%	1,315	1,316	0.1%
Net Sales	2,001	2,220	10.9%	10,623	12,245	15.3%
Gross Profit	573	771	34.4%	3,527	4,207	19.3%
EBITDA	160	270	68.6%	1,919	2,283	19.0%
Net Income	156	1	-99.6%	321	966	200.7%
Gross Profit Margin	28.6%	34.7%		33.2%	34.4%	
EBITDA Margin	8.0%	12.1%		18.1%	18.6%	
Net Income Margin	7.8%	0.0%		3.0%	7.9%	

Consolidated sales volume increased by 0.1% to 1.3 billion UC exceeding company guidance of a slight decline. While Turkey operations delivered 1.8% volume growth in 2019, international operations' volume was down by 1.5% which was primarily attributable to the slowdown in Pakistan and continued production stoppage in Turkmenistan. Share of sales volume of international operations comprised 50% of total sales.

Net sales revenues rose by 15.3% in 2019, driven by strong double digit growth of Turkey while International operations also had a positive contribution on an FX neutral basis. Slowdown in Pakistan and production stoppage in Turkmenistan were the primary reasons for the relatively softer international performance. **In Turkey**, top-line was up by 22.7%, on the back of increase in list prices and positive mix impact. Net sales revenue per unit case grew by 20.5%, driven by list price adjustments, strong growth in on-premise channel and higher IC share in total sales mix. Excluding NRTD Tea, revenue growth was 23.6%. **In International operations**, net sales revenues increased by 9.4%, translating into 3.3% growth on an FX-neutral basis. Share of sales revenues of international operations constituted 53% of total sales.

Gross profit margin increased by 115 bps to 34.4% which was mainly attributable to improving gross margin improvement **in Turkey** operations. In Turkey operations, gross margin was up by 245 bps to 40.8%. Price increases, favorable mix impact, savings at procurement and the positive impact of cash designation resulted in expansion in gross profit margin. **In International operations**, gross margin declined by 52 bps to 28.6%. Lower margin was mainly attributable to higher fixed costs in Pakistan due to softer volumes as well as lack of Turkmenistan's contribution due to production stoppage.

EBITDA margin increased by 58 bps to 18.6% in 2019. EBITDA margin of Turkey operations, excluding other income/(expense), improved by 268 bps to 17.6% benefitting from higher gross profitability. EBITDA margin of International operations contracted by 98 bps to 18.8%, reflecting lower profitability in Pakistan and Turkmenistan. Share of EBITDA for International operations stands at 53%.

Net income of the segment was TRL 966 million in 2019 vs. TRL 321 million in 2018 on the back of higher EBIT and lower net financial expenses.

MİGROS

Migros (TRL million)	4Q18	4Q19	Change	4Q19 (excl. IFRS16)	Change	2018	2019	Change	2019 (excl. IFRS16)	Change
Net Sales	4,923	5,997	21.8%	5,997	21.8%	18,717	23,191	23.9%	23,191	23.9%
Gross Profit	1,327	1,515	14.2%	1,493	12.5%	4,881	6,205	27.1%	6,121	25.4%
EBITDA	359	462	28.8%	317	-11.6%	1,217	2,236	83.7%	1,531	25.7%
Net Income	371	-290	n.m.	-295	n.m.	-836	-492	41.1%	-353	57.7%
Gross Profit Margin	27.0%	25.3%		24.9%		26.1%	26.8%		26.4%	
EBITDA Margin	7.3%	7.7%		5.3%		6.5%	9.6%		6.6%	
Net Income Margin	7.5%	-4.8%		-4.9%		-4.5%	-2.1%		-1.5%	

Net sales revenues of Migros increased by 23.9% in 2019, surpassing company target, corresponding to a top-line of TRL 23.2 billion. Strong performance of seasonal stores and growing network of online operations had significant contributions to top-line. The company opened 137 new stores in 2019, increasing to a total of 2,198 stores.

Gross profit increased by 25.4% y-o-y in 2019, implying gross profit margin of 26.4% compared to the same period of last year. Thus, **gross profit** of the company reached TRL 6.1 billion in 2019.

Migros announced **EBITDA** of TRL 1.5 billion in 2019, up by 25.7% y-o-y corresponding to an **EBITDA margin** of 6.6% which is 10 bps higher compared to same period of last year.

Despite stellar operational performance, depreciation of TRL against Euro led to FX losses and Migros posted **net loss** of TRL 353 million in 2019 which is significantly lower than net loss of TRL 836 million of 2018.

In line with the plan implemented by the management for deleveraging, Migros's **net debt/EBITDA** ratio improved 100 bps compared to 2018 year-end and came down to 1.3x as of 2019-end. Improvement in operational profitability together with asset sales reaching TRL 526 million since the beginning of 2019 contributed positively to bottom-line.

Financial Review

AUTOMOTIVE SEGMENT

Automotive (TRL million)	4Q18	4Q19	Change	4Q19 (excl. IFRS16)	Change	2018	2019	Change	2019 (excl. IFRS16)	Change
Net Sales	1,207	1,520	26.0%	1,520	26.0%	3,907	4,163	6.5%	4,163	6.5%
Gross Profit	138	229	66.5%	229	66.4%	686	667	-2.8%	667	-2.8%
EBITDA	118	154	30.4%	152	29.1%	424	433	2.1%	427	0.8%
Net Income	-48	27	n.m.	27	n.m.	-492	-209	57.5%	-208	57.7%
Gross Profit Margin	11.4%	15.1%		15.1%		17.6%	16.0%		16.0%	
EBITDA Margin	9.8%	10.1%		10.0%		10.9%	10.4%		10.3%	
Net Income Margin	-4.0%	1.8%		1.8%		-12.6%	-5.0%		-5.0%	

Automotive segment posted TRL 4.2 billion **net sales revenues** in 2019, up by 6.5% y-o-y. Anadolu Isuzu focused on exports in 2019 in order to compensate the contraction of light and heavy commercial vehicle sales at the domestic market. Thus, Anadolu Isuzu's export volumes increased by 65% yearly. According twelve months results, Çelik Motor constituted 64% of automotive sales revenues, remaining shares were 34% of Anadolu Isuzu and 2% of Anadolu Motor.

Although **gross profit margin** of Anadolu Isuzu increased to 18.2% in 2019 vs. 15.5% in 2018, which is attributable to higher exports, gross profit margin of the Automotive Segment declined by 160 bps to 16.0% in 2019 mainly due to contraction in the gross profit margin of Çelik Motor.

In regard of increased exports, Anadolu Isuzu generated **EBITDA** of TRL 149 million in 2019 vs. TRL 73 million in 2018. However contraction in operating profitability of Çelik Motor led only to a decline in EBITDA margin of the segment by 60 bps to 10.3% in 2019.

Net debt/EBITDA ratio of the segment decreased to 3.1x as of 2019-end compared to 5.9x as of 2018-end, thanks to efficient financial management precautions together with capital increase of Çelik Motor and more stable TRL. Net debt of Çelik Motor and Anadolu Isuzu decreased by TRL 933 million and TRL 187 million, respectively.

On the other hand, Çelik Motor continued to optimize its fleet size and generated around TRL 1.1 billion funds in 2019. The total fleet size of the company stands at 8,600 as of 2019-end.

The ratio of Euro denominated **debt** in total debt of Çelik Motor stood at 10% as of 2019-end.(September 2019: 12%)

RETAIL SEGMENT

Retail (TRL million)	4Q18	4Q19	Change	4Q19 (excl. IFRS16)	Change	2018	2019	Change	2019 (excl. IFRS16)	Change
Net Sales	234	311	32.9%	311	32.9%	1,200	1,399	16.5%	1,399	16.5%
Gross Profit	26	44	68.8%	34	28.1%	248	302	22.0%	258	4.1%
EBITDA	-8	30	n.m.	-2	67.6%	111	238	114.1%	111	-0.5%
Net Income	-36	-36	0.1%	-32	10.1%	-11	-40	-270.7%	-25	-138.0%
Gross Profit Margin	11.2%	14.3%		10.8%		20.7%	21.6%		18.5%	
EBITDA Margin	-3.2%	9.5%		-0.8%		9.3%	17.0%		7.9%	
Net Income Margin	-15.4%	-11.5%		-10.4%		-0.9%	-2.8%		-1.8%	

Retail segment reported TRL 1.4 million **net sales revenues** in 2019, up by 16.5% y-o-y. While McDonald's increased its sales by 29% due to higher customer traffic, revenues of Adel declined by 10% in 2019 due to suppliers' keeping high inventory and more cautious stance since the beginning of 2019 that put pressure on domestic revenues. McDonald's holds 71% share in total sales of retail segment, followed by 25% share of Adel and 4% share of tourism company Efestur.

Gross margin of the segment was down by 220 bps to 18.5% in 2019. EBITDA was registered at TRL 111 million, with a mere decrease of 0.5%. EBITDA of McDonald's, which has a significant share in total segment, increased by 53% in 2019 compared to the same period of last year.

Net debt/EBITDA ratio of the retail segment stood at 1.9x as of 2019-end. The borrowings of all companies operating under retail segment are in local currency.

Financial Review

OTHERS

Other (TRL million)	4Q18	4Q19	Change	4Q19 (excl. IFRS16)	Change	2018	2019	Change	2019 (excl. IFRS16)	Change
Net Sales	134	85	-36.6%	85	-36.6%	381	628	64.8%	628	64.8%
Gross Profit	39	31	-20.3%	31	-20.3%	148	154	4.0%	154	4.0%
EBITDA	9	-4	n.m.	-6	n.m.	20	39	95.3%	29	48.2%
Net Income**	295	-193	n.m.	-194	n.m.	-690	-472	31.6%	-470	31.8%
Gross Profit Margin	29.1%	36.6%		36.6%		38.8%	24.5%		24.5%	
EBITDA Margin	6.4%	-4.7%		-6.7%		5.2%	6.1%		4.7%	
Net Income Margin	220.1%	-227.1%		-227.8%		-181.1%	-75.2%		-74.9%	

** As Migros is started to be fully consolidated, net income impact for the first 4 months has been excluded from net income of other segment

Holding, energy and real estate companies are consolidated under the other segment. Net sales revenues of the other segment increased significantly to TRL 628 million, mainly due to TRL 382 million deliveries from AND Pastel residential project.

72% of pre-sales of AND Pastel residential project has been completed as of 2019-end. The deliveries have started in the second half of 2018; as the pre-sales are realized, gains will be booked under revenues in the related quarter. Meanwhile, rental works continue at AND Kozyatağı.

Aslancık HEPP, which is consolidated via equity pick up method, generated turnover of TRL 140 million in 2019 and Paravani HEPP recorded TRL 80 million revenues in the same period. The electricity produced at Paravani HEPP is sold in Turkey and Georgia in accordance with the weather conditions. Accordingly, around 77% of the electricity produced at Paravani HEPP was sold to Georgia in 2019.

SUMMARY SEGMENTAL FINANCIAL RESULTS -2019*

TRL million	Net Sales	Yearly Change	Gross Profit	Yearly Change	EBITDA	Yearly Change	Net Profit	Yearly Change
Beer	11,069	30%	4,583	41%	1,706	52%	714	n.m.
Soft Drinks	12,245	15%	4,207	19%	2,283	22%	966	199%
Migros	23,191	24%	6,121	25%	1,531	26%	-353	58%
Automotive	4,163	7%	667	-3%	427	1%	-208	58%
Retail	1,399	17%	258	4%	111	0%	-25	-138%
Other	628	65%	154	4%	29	48%	-470	32%
Consolidated**	45,240	85%	13,654	77%	5,540	60%	644	n.m.
Proforma Consolidated***	51,699	22%	15,458	23%	5,951	28%	644	n.m.

*2018 Proforma figures assume realization of ABI Efes JV as of 1 January 2018 instead of actual April 1st. Therefore proforma 2018 restated results include 3 months of operation of combined business. In addition to actual results, 2018 figures also include the incremental depreciation charge in 2019 which is a result of the revaluation of fixed assets as required by IFRS 3.
** Consolidated results include Migros as fully consolidated for 8 months.
*** Proforma consolidated results include Migros as fully consolidated for 12 months.

AG ANADOLU GRUBU HOLDİNG A.Ş.
Summary Consolidated Balance Sheet
(TRL million)

	31.12.2019	31.12.2018
Cash and equivalents	8,928	5,283
Trade receivables	3,316	3,030
Inventories	5,698	3,131
Prepaid expense	762	569
Other current assets	1,776	1,476
Current Assets	**20,480**	**13,489**
Investments accounted through equity method	74	1,975
Investment properties	324	296
Tangible assets	16,544	11,739
Right of use assets	3,694	0
Intangible assets	23,723	17,097
-Goodwill	6,934	2,607
-Other intangible assets	16,789	14,490
Other non-current assets	2,293	2,862
Non-Current Assets	**46,652**	**33,969**
Total Assets	**67,132**	**47,458**
Short term borrowings	3,335	3,185
Short term portion of long term borrowings	3,802	3,757
- Bank loans	3,271	3,643
- Lease liabilities	531	114
Trade payables	11,478	4,161
Deferred income	265	479
Other current liabilities	2,582	2,032
Current Liabilities	**21,462**	**13,614**
Long term borrowings	17,503	8,712
- Bank loans	13,983	8,549
- Lease liabilities	3,520	163
Deferred tax liability	3,187	2,749
Other non-current liabilities	1,247	923
Non-Current Liabilities	**21,937**	**12,384**
Total Liabilities	**43,399**	**25,998**
Equity	**23,733**	**21,460**
Non-controlling interests	17,655	16,413
Equity of the parent	6,078	5,047
Total Liabilities & Equity	**67,132**	**47,458**

Financial Review

AG ANADOLU GRUBU HOLDİNG A.Ş.
Summary Consolidated Balance Sheet
(TRL million)

	31.12.2019	**31.12.2018**
Revenues	45,240	23,981
Cost of sales (-)	(31,480)	(16,300)
Gross Profit	**13,760**	**7,681**
Operating expenses (-)	(10,621)	(6,022)
Other operations income/(expense)	(215)	59
Gain/(Loss) from investments accounted through equity method	(376)	(515)
Operating Income/(Loss) (EBIT)	**2,548**	**1,203**
Income /(expense) from investment operations	1,893	108
Financial income/(expense)	(2,715)	(2,127)
Income/(Loss) Before Tax from Continuing Operations	**1,726**	**(816)**
Tax income/(expense)	(509)	(287)
Net Income/(Loss)	**1,217**	**(1,103)**
Non-controlling interests		
Equity holders of the parent	673	65
Net Income/(Loss)	544	(1,168)

AG ANADOLU GRUBU HOLDİNG A.Ş.
Summary Proforma Consolidated Income Statement*
(TRL million)

	31.12.2019	31.12.2018
Revenues	51,699	42,544
Cost of sales (-)	(36,241)	(29,982)
Gross Profit	**15,458**	**12,562**
Operating expenses (-)	(12,298)	(10,299)
Other operations income/(expense)	(361)	(328)
Gain/(Loss) from investments accounted through equity method	(172)	(136)
Operating Income/(Loss) (EBIT)	**2,627**	**1,799**
Income /(expense) from investment operations	1,888	81
Financial income/(expense)	(2,769)	(3,508)
Income/(Loss) Before Tax from Continuing Operations	**1,746**	**(1,629)**
Tax income/(expense)	(552)	(79)
Net Income/(Loss)	**1,194**	**(1,708)**
Net Income/(Loss)		
Non-controlling interests	550	(491)
Equity holders of the parent	644	(1,217)

* For comparison purposes, 2018 figures are prepared including the impact of merger with ABI Inbev in Russia and Ukraine since the beginning of the year.
* For comparison purposes, 2019 figures exclude IFRS16 impact
* Proforma Consolidated figures include Migros as fully consolidated for the 12 months period

SUMMARY FINANCIALS – UNLISTED COMPANIES

	Net Sales		EBITDA		Net Income		Net Debt	
TRL million	2018	2019	2018	2019	2018	2019	2018	2019
McDonalds	768	994	28	43	-25	-11	89	61
Anadolu Motor	116	93	-5	-4	-29	-46	101	33
Efestur	55	62	1	1	0	0	-1	0
AND Anadolu Gayrimenkul	56	45	26	17	-74	-51	359	422
GUE	76	80	54	55	-21	-52	576	637
Aslancık Elektrik	114	140	60	65	-122	-48	513	409
Çelik Motor	2,603	2,641	353	279	-388	-190	1,920	933

Dividend Distribution Table

AG ANADOLU GRUBU HOLDİNG A.Ş. 2019 DIVIDEND DISTRIBUTION TABLE (TRL)			
1.	**Paid-In / Issued Capital**		**243,534,517.96**
2.	**General Legal Reserves (According to Legal Records)**		**89,843,573.57**
If there are privileges for distribution of profits according to the articles of association, information on such privileges			None
		According to CMB	**According to Legal Records**
3.	**Current Period Profit**	**1,052,531,000.00**	**-141,340,670.61**
4.	**Taxes Payable (-)**	**508,762,000.00**	**0.00**
5.	**Net Current Period Profit (=)**	**543,769,000.00**	**-141,340,670.61**
6.	**Losses in Previous Years (-)**		**-553,420,449.07**
7.	**Primary Legal Reserve (-)**		**0.00**
8.	**NET DISTRIBUTABLE CURRENT PERIOD PROFIT (=)**	**543,769,000.00**	**-694,761,119.68**
	Dividend Advances Distributed During the Year (-)	-	0.00
	Net Distributable Current Period Profit/Loss After Deducting Dividend Advances	-	0.00
9.	**Donations Made During the Year (+)**	**4,687,797.00**	
10.	**Net Distributable Current Period Profit Including Donations**	**548,456,797.00**	
11.	**First Dividend to Shareholders**	**0.00**	
	Cash	0.00	
	Bonus	0.00	
	Total	0.00	
12.	**Dividend Distributed to Owners of Privileged Shares**	**0.00**	
13.	**Other Dividend Distributed to:**	**0.00**	
	Board members	0.00	
	Employees	0.00	
	People other than shareholders	0.00	
14.	**Dividend to Owners of Redeemed Shares**	**0.00**	
15.	**Second Dividend to Shareholders**	**0.00**	
16.	**Secondary Legal Reserves**	**0.00**	
17.	**Statutory Reserves**	**0.00**	
18.	**Special Reserves**	**0.00**	
19.	**EXTRAORDINARY RESERVES**	**543,769,000.00**	**0,00**
20.	**Other Distributable Resources**	**30,000,000.00**	**30,000,000.00**
	Prior Years' Profits	0.00	0.00
	Extraordinary Reserves	30,000,000.00	30,000,000.00
	Other Distributable Reserves as per Law or Articles of Association	0.00	0.00

AG ANADOLU GRUBU HOLDİNG A.Ş. DIVIDEND RATIOS TABLE						
	Group	**Total Dividends Distributed**		**Total Dividends Distributed / Net Distributable Profit for the Period**	**Dividend to be Paid for Share with Par Value of TRL 1**	
		Cash (TRL)	**Bonus (TRL)**	**Share (%)**	**Amount (TRL)**	**Ratio (%)**
NET	A	24,000,000.00	0	-	0.123186	12.32%
	B	6,000,000.00	0	-	0.123186	12.32%
	Total	**30,000,000.00**	**0**	**-**		

Statement of Responsibility

STATEMENT OF RESPONSIBILITY PURSUANT TO ARTICLE 9 OF THE SECOND SECTION OF THE CAPITAL MARKETS BOARD COMMUNIQUE NO: II-14.1 ON PRINCIPLES PERTAINING TO FINANCIAL REPORTING IN CAPITAL MARKETS

BOARD OF DIRECTORS RESOLUTION ON THE APPROVAL OF FINANCIAL STATEMENTS, ANNUAL REPORTS AND CORPORATE GOVERNANCE COMPLIANCE REPORTS VIA URF AND KYBF TEMPLATES
RESOLUTION DATE: 4 March 2020
RESOLUTION NUMBER: 2020/12

Appended to this resolution are our audited consolidated financial statements and annual report for 1 January-31 December 2019, approved by our company's Board of Directors and Audit Committee which have been prepared in compliance with Capital Markets Board ("SPK") Communique No: II-14.1 on principles pertaining to financial reporting in capital markets and with Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS"/"TFRS") in an CMB-compatible format and Corporate Governance Compliance reports prepared in accordance with CMB's resolution number 2/49 dated 10 January 2019 and submitted via Corporate Governance Compliance Report (URF) and Corporate Governance Information Form (KYBF) templates on Public Disclosure Platform (KAP).

1- We have examined the consolidated Financial Statements, Annual Report, Corporate Governance Compliance Report (URF) and Corporate Governance Information Form (KYBF) dated 31 December 2019,

2- That, to the best of our knowledge within the framework of our duties and responsibilities at our company, the consolidated Financial Statements, Annual Report, URF and KYBF do not contain any assertion that is untrue insofar as matters of material importance are concerned or any omission that would lead to the conclusion that such assertions were misleading as of the date on which they were made,

3- That, to the best of our knowledge within the framework of our duties and responsibilities at the company, these consolidated financial statements prepared in accordance with current financial reporting standards honestly reflect the realities of our company's assets, liabilities, financial standing, and profits & losses, and honestly reflects our company's financial standing along with any material risks and uncertainties that confront it.

Yours sincerely,

Mehmet Ercan KUMCU
Chairman of the Audit Committee

Ali Galip YORGANCIOĞLU
Member of the Audit Committee

Onur ÇEVİKEL
CFO

Volkan Harmandar
Financial Affairs Coordinator

(CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH)

Independent Auditor's Report on the Management's Annual Report

Deloitte.

DRT Bağımsız Denetim ve
Serbest Muhasebeci
Mali Müşavirlik A.Ş.
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Mersis No: 0291001097600016
Ticari Sicil No : 304099

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

1) Opinion

As we have audited the full set consolidated financial statements of AG Anadolu Grubu Holding A.Ş. ("the Company") and its subsidiaries ("the Group") for the period between 01/01/2019–31/12/2019, we have also audited the annual report for the same period.

In our opinion, the consolidated financial information provided in the Management's annual report and the Management's discussions on the Group's financial performance, are fairly presented in all material respects, and are consistent with the full set audited consolidated financial statements and the information obtained from our audit.

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 responsibility is disclosed under Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report in detail. We declare that we are independent from the Group in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") issued by POA and ethical provisions stated in the regulation of audit. We have fulfilled other 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 audit opinion.

3) Auditor's Opinion for the Full Set Consolidated Financial Statements

We have presented unqualified opinion for the Group's full set consolidated financial statements for the period between 01/01/2019–31/12/2019 in our Auditor's Report dated 4 March 2020.

4) Management's Responsibility for the Annual Report

The Group's Management is responsible for the following in accordance with Article 514 and 516 of the Turkish Commercial Code No. 6102 ("TCC") and "Communiqué on Principles of Financial Reporting in Capital Markets" with No.14.1 of the Capital Markets Board ("the Communiqué"):

a) Preparing the annual report within the three months following the reporting date and presenting it to the General Assembly,

b) Preparing the annual report with the all respects of the Group's flow of operations for that year and the Group's consolidated financial performance accurately, completely, directly and fairly. In this report, the consolidated financial position is assessed in accordance with the consolidated financial statements. The Group's development and risks that the Group may probably face are also pointed out in this report. The Board of Director's evaluation on those matters are also stated in this report.

c) The annual report also includes the matters stated below:
- The significant events occurred in the Group's activities subsequent to the financial year ends,
- The Group's research and development activities,
- The compensation paid to key management personnel and members of Board of Directors including financial benefits such as salaries, bonuses and premiums, allowances, travelling, accommodation and representation expenses, in cash and kind facilities, insurances and other similar guarantees.

The Board of Directors also considers the secondary regulations prepared by the Ministry of Trade and related institutions while preparing the annual report.

5) Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report

Our aim is to express an opinion and prepare a report about whether the Management's discussions and consolidated financial information in the annual report within the scope of the provisions of the TCC and the Communiqué are fairly presented and consistent with the information obtained from our audit.

We conducted our audit in accordance with the standards on auditing issued by Capital Markets Board and the SIA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Management's discussions on the Group's financial performance, are fairly presented in all material respects, and are consistent with the full set audited consolidated financial statements and the information obtained from our audit

The engagement partner on the audit resulting in this independent auditor's report is Burç Seven.

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

Burç Seven
Partner

İstanbul, 4 March 2020

AG Anadolu Grubu Holding Anonim Şirketi

Convenience Translation into English of Consolidated Financial Statements Together with Independent Auditor's Report For The Period January 1 - December 31, 2019

(Originally Issued in Turkish)

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

INDEPENDENT AUDITOR'S REPORT

Deloitte.

DRT Bağımsız Denetim ve
Serbest Muhasebeci
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Mersis No: 0291001097600016
Ticari Sicil No : 304099

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, 2019, 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, 2019, 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.

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.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matter	How This Matter Was Addressed In the Audit
Impairment Testing of Goodwill and Intangible Assets with Indefinite Useful Lives Anadolu Efes Biracılık ve Malt Sanayii A.Ş. ("Anadolu Efes"), a subsidiary of the Group and its subidiary 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 29% 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: · 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.

Key Audit Matter	How This Matter Was Addressed In the Audit
Remeasurement of Goodwill As a Result of Business Combination Achieved In Stages (Step Acquisition) Without Consideration Paid “Business Partnership Agreement” related to the management of Migros Ticaret A.Ş. (“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 without changing the shareholding rates. Since the criterias disclosed in TFRS 10 Consolidated Financial Statements under the “Assessing the Control” title are 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. As a result of the business combination achieved in stages and different accounting treatment, the goodwill recorded in the consolidated financial statements is remeasured as TRL 3.717.403 thousand. The share of this amount is 6% in total assets. The Group management has significant assumptions when evaluating the remeasurement of goodwill. These assumptions include the weighting of weighted average of discounted cash flows of cash generating units, the market value as at April 30, 2019 and the enterprise value calculated with EBITDA multiple. This model is significantly influenced by revenue increase, growth rate, weighted average cost of capital (discount rate), multiple and control premium. Considering the reasons stated above, the remeasurement of goodwill related to Migros shares is determined as a key audit matter in our audit.	The audit procedures applied including but not limited to the following are: · 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 April 30, 2019 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 margn 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 3 and 15 in accordance with TFRS.

INDEPENDENT AUDITOR'S REPORT

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.
- 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.

INDEPENDENT AUDITOR'S REPORT

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 4, 2020.

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 2019 does not comply with TCC and the provisions of the Company's articles of association in relation to financial reporting.

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 Burç Seven.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Burç Seven
Partner

İstanbul, March 4, 2020

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AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT DECEMBER 31, 2019

(Currency - Thousands of Turkish Lira (TRL) unless otherwise indicated)
(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish)

		Audited	
			Restated (Note 2)
ASSETS	**Notes**	**December 31, 2019**	December 31, 2018
Cash and Cash Equivalents	5	**8.927.687**	5.282.990
Financial Investments	6	**415.871**	40.361
Trade Receivables		**3.316.004**	3.030.005
- Due from Related Parties	*32.1*	***18.960***	*273.929*
- Trade Receivables, Third Parties	*8.1*	***3.297.044***	*2.756.076*
Other Receivables		**201.541**	139.535
- Due from Related Parties	*32.1*	***5.594***	*20.595*
- Other Receivables, Third Parties	*9.1*	***195.947***	*118.940*
Derivative Financial Assets	34.2	**42.109**	102.996
Inventories	10	**5.698.025**	3.131.137
Prepaid Expenses	19.1	**761.533**	568.852
Current Income Tax Assets	30.1	**254.546**	189.152
Other Current Assets	20	**862.388**	1.003.980
TOTAL CURRENT ASSETS		**20.479.704**	13.489.008
Financial Investments	6	**4.787**	367
Trade Receivables		**1.619**	1.437
- Trade Receivables, Third Parties	*8.1*	***1.619***	*1.437*
Other Receivables		**69.784**	56.768
- Due from Related Parties	*32.1*	***5.766***	-
- Other Receivables, Third Parties	*9.2*	***64.018***	*56.768*
Derivative Financial Assets	34.2	**6.591**	83.181
Investments Accounted Through Equity Method	11	**74.150**	1.974.950
Investment Property	12	**324.069**	296.443
Property, Plant and Equipment	13	**16.543.585**	11.738.915
Right of Use Assets	14	**3.694.386**	-
Intangible Assets		**23.723.444**	17.097.457
- Goodwill	15.2	***6.934.409***	*2.607.085*
- Other Intangible Assets	15.1	***16.789.035***	*14.490.372*
Prepaid Expenses	19.2	**417.132**	425.205
Deferred Tax Assets	30.2	**1.087.895**	956.514
Other Non-Current Assets	20	**704.562**	1.337.512
TOTAL NON-CURRENT ASSETS		**46.652.004**	33.968.749
TOTAL ASSETS		**67.131.708**	47.457.757

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

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT DECEMBER 31, 2019

(Currency - Thousands of Turkish Lira (TRL) unless otherwise indicated)
(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish)

		Audited	
			Restated (Note 2)
LIABILITIES	**Notes**	**December 31, 2019**	December 31, 2018
Short-Term Borrowings	7	**3.335.175**	3.184.503
Current Portion of Long-Term Borrowings	7	**3.801.957**	3.756.799
- Bank Loans		***3.270.718***	*3.643.106*
- Lease Liabilities		***531.239***	*113.693*
Trade Payables		**11.478.318**	4.161.193
- Due to Related Parties	*32.2*	***2.258***	*7.347*
- Trade Payables, Third Parties	*8.2*	***11.476.060***	*4.153.846*
Employee Benefit Obligations	17.1	**258.990**	114.858
Other Payables		**1.579.969**	1.515.495
- Other Payables, Third Parties	*9.3*	***1.579.969***	*1.515.495*
Derivative Financial Liabilities	34.2	**15.163**	41.037
Deferred Income	21.1	**264.964**	478.774
Income Tax Payable	30.1	**31.172**	18.036
Short-Term Provisions		**474.729**	242.932
- Short-Term Provisions for the Employee Benefits	*17.2*	***291.061***	*130.899*
- Other Short-Term Provisions	*17.3*	***183.668***	*112.033*
Other Current Liabilities	20.3	**221.070**	100.466
TOTAL CURRENT LIABILITIES		**21.461.507**	13.614.093
Long-Term Borrowings	7	**17.502.439**	8.712.404
- Bank Loans		***13.982.755***	*8.549.418*
- Lease Liabilities		***3.519.684***	*162.986*
Trade Payables		**10.864**	44.207
- Trade Payables, Third Parties	*8.2*	***10.864***	*44.207*
Other Payables		**487.737**	392.368
- Other Payables, Third Parties	*9.3*	***487.737***	*392.368*
Liabilities due to Investments Accounted for Using Equity Method	11	**4.750**	*54.073*
Derivative Financial Liabilities	34.2	**41.329**	3.356
Deferred Income	21.2	**18.051**	30.227
Long-Term Provisions		**454.726**	192.358
- Long-Term Provisions for the Employee Benefits	*17.2*	***454.726***	*192.358*
Deferred Tax Liability	30.2	**3.187.488**	2.748.763
Other Non-Current Liabilities	20.4	**229.424**	206.375
TOTAL NON-CURRENT LIABILITIES		**21.936.808**	12.384.131
TOTAL LIABILITIES		**43.398.315**	25.998.224
EQUITY			
Equity Attributable to Equity Holders of the Parent		**6.078.113**	5.046.447
Paid-in Share Capital	22	**243.535**	243.535
Inflation Adjustments on Capital		**65.771**	65.771
Share Premium (Discounts)		**1.057.708**	1.200.135
Effects of Business Combinations Under Common Control		**(7.145)**	(7.145)
Put Option Revaluation Fund Related With Non-Controlling Interests		**2.916**	2.916
Other Comprehensive Income (Loss) Not To Be Reclassified to Profit or Loss		**165.308**	73.528
- Revaluation and Remeasurement Gain (Loss)		***165.308***	*73.528*
- Gains (Losses) on Remeasurements Defined Benefit Plans		***(27.843)***	*(20.538)*
- Other Revaluation and Remeasurement Gain (Loss)		***193.151***	*94.066*
Other Comprehensive Income (Loss) To Be Reclassified to Profit or Loss		**1.619.774**	1.258.501
- Currency Translation Differences		***2.483.140***	*1.789.278*
- Gains (Losses) on Hedge		***(863.366)***	*(530.777)*
Restricted Reserves Allocated From Net Profit	22	**615.970**	909.511
Retained Earnings	22	**1.770.507**	2.467.846
Net Profit or Loss		**543.769**	(1.168.151)
Non-Controlling Interests		**17.655.280**	16.413.086
TOTAL EQUITY		**23.733.393**	21.459.533
TOTAL LIABILITIES AND EQUITY		**67.131.708**	47.457.757

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

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE YEAR ENDED DECEMBER 31, 2019

(Currency - Thousands of Turkish Lira (TRL) unless otherwise indicated)
(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish)

		Audited	
			Restated (Note 2)
	Notes	**January 1 - December 31, 2019**	January 1 - December 31, 2018
Revenue	23	**45.240.423**	23.981.255
Cost of Sales	23	**(31.480.012)**	(16.299.895)
GROSS PROFIT (LOSS)		**13.760.411**	7.681.360
General Administrative Expenses	24	**(2.236.506)**	(1.803.351)
Marketing Expenses	24	**(8.379.520)**	(4.213.934)
Research and Development Expenses		**(4.789)**	(4.481)
Other Operating Income	26.1	**1.091.396**	695.410
Other Operating Expenses	26.2	**(1.306.890)**	(636.307)
Gain (Loss) from Investments Accounted Through Equity Method	11	**(375.738)**	(515.224)
OPERATING PROFIT (LOSS)		**2.548.364**	1.203.473
Income from Investing Activities	27.1	**2.298.330**	292.174
Expenses from Investing Activities	27.2	**(405.809)**	(184.101)
OPERATING PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSE)		**4.440.885**	1.311.546
Financial Income	28	**1.464.963**	3.584.519
Financial Expenses	29	**(4.180.189)**	(5.712.373)
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		**1.725.659**	(816.308)
Tax (Expense) Income from Continuing Operations		**(508.762)**	(287.171)
- Current Period Tax (Expense) Income	30.3	**(455.738)**	(272.509)
- Deferred Tax (Expense) Income	30.3	**(53.024)**	(14.662)
NET PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		**1.216.897**	(1.103.479)
Attributable to:			
- Non-controlling Interests		**673.128**	64.672
- Equity Holders of the Parent		**543.769**	(1.168.151)
Earnings (Loss) per share (full TRL)	31	**2,23**	(4,80)
- Earnings (Loss) per share from continuing operations (full TRL)		**2,23**	(4,80)

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

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2019

(Currency - Thousands of Turkish Lira (TRL) unless otherwise indicated)
(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish)

		Audited
		Restated (Note 2)
	January 1 - December 31, 2019	January 1 - December 31, 2018
NET PROFIT (LOSS)	**1.216.897**	(1.103.479)
OTHER COMPREHENSIVE INCOME		
Items Not To Be Reclassified To Profit or Loss	**81.070**	90.093
- Remeasurement Gain (Loss) from Defined Benefit Plans	**(22.538)**	(4.604)
- Share of Other Comprehensive Income of Investments Accounted Through Equity Method Not To Be Classified to Profit or Loss	**15**	(290)
- Other Components of Other Comprehensive Income that will Not To Be Reclassified to Other Profit or Loss	**127.032**	120.597
- Tax Effect of Other Comprehensive Income Not To Be Classified To Profit or Loss	**(23.439)**	(25.610)
- Deferred Tax (Expense) Income	**(23.439)**	(25.610)
Items To Be Reclassified To Profit or Loss	**2.107.777**	1.825.286
- Currency Translation Differences	**2.861.335**	2.854.274
- Other Comprehensive Income (Loss) on Cash Flow Hedge	**(272.967)**	202.260
- Other Comprehensive Income (Loss) Related with Hedges of Net Investments in Foreign Operations (Note 33)	**(632.700)**	(1.520.855)
- Share Of Other Comprehensive Income of Investments Accounted Through Equity Method To Be Classified to Profit or Loss	**7.180**	6.770
- Tax Effect of Other Comprehensive Income To Be Classified To Profit or Loss	**144.929**	282.837
- Deferred Tax (Expense) Income	**144.929**	282.837
OTHER COMPREHENSIVE INCOME (LOSS)	**2.188.847**	1.915.379
TOTAL COMPREHENSIVE INCOME (LOSS)	**3.405.744**	811.900
Attributable to:		
- Non-controlling Interest	**2.408.922**	1.675.692
- Equity Holders of the Parent	**996.822**	(863.792)

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

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2019

(Currency - Thousands of Turkish Lira (TRL) unless otherwise indicated)
(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish)

						Other Comprehensive Income or Expense Not To Be Reclassified To Profit or Loss	
	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) (**)
Balances as of January 1, 2018	243.535	65.771	1.319.349	(7.145)	8.728	(16.875)	-
Transfers	-	-	(10.767)	-	-	-	-
Total Comprehensive Income (Expense)	-	-	-	-	-	(3.663)	94.066
Net Profit (Loss)	-	-	-	-	-	-	-
Other Comprehensive Income (Expense)	-	-	-	-	-	(3.663)	94.066
Capital Increase	-	-	-	-	-	-	-
Dividends	-	-	(108.447)	-	-	-	-
Acquisition or Disposal of a Subsidiary	-	-	-	-	-	-	-
Increase/Decrease Through Changes in Ownership Interests in Subsidiaries That Do Not Result in Loss of Control (Note 3)	-	-	-	-	-	-	-
Transactions with Non-Controlling Shareholders	-	-	-	-	-	-	-
Increase (Decrease) Due to Other Changes (*)	-	-	-	-	(5.812)	-	-
Balances as of December 31, 2018 (Restated (Note 2))	243.535	65.771	1.200.135	(7.145)	2.916	(20.538)	94.066
Balances as of January 1, 2019	**243.535**	**65.771**	**1.200.135**	**(7.145)**	**2.916**	**(20.538)**	**94.066**
Transfers	-	-	(12.919)	-	-	-	-
Total Comprehensive Income (Expense)	-	-	-	-	-	(7.305)	99.085
Net Profit (Loss)	-	-	-	-	-	-	-
Other Comprehensive Income (Expense)	-	-	-	-	-	(7.305)	99.085
Capital Increase	-	-	-	-	-	-	-
Dividends	-	-	(129.508)	-	-	-	-
Acquisition or Disposal of a Subsidiary	-	-	-	-	-	-	-
Transactions with Non-Controlling Shareholders	-	-	-	-	-	-	-
Increase (Decrease) Due to Other Changes (***)	-	-	-	-	-	-	-
Balances as of December 31, 2019	**243.535**	**65.771**	**1.057.708**	**(7.145)**	**2.916**	**(27.843)**	**193.151**

(*) 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.

(**) The balance consists of the increase due to revaluation of the assets used in renting activities.

(***) 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.

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

Other Comprehensive Income or Expense To Be Reclassified To Profit or Loss			Retained Earnings				
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**
1.032.160	12.385	909.511	2.244.351	(130.050)	5.681.720	11.584.070	17.265.790
-	-	-	(119.283)	130.050	-	-	-
757.118	(543.162)	-	-	(1.168.151)	(863.792)	1.675.692	811.900
-	-	-	-	(1.168.151)	(1.168.151)	64.672	(1.103.479)
757.118	(543.162)	-	-	-	304.359	1.611.020	1.915.379
-	-	-	-	-	-	46.196	46.196
-	-	-	83.447	-	(25.000)	(283.602)	(308.602)
-	-	-	-	-	-	3.903.478	3.903.478
-	-	-	252.590	-	252.590	(490.117)	(237.527)
-	-	-	6.741	-	6.741	5.421	12.162
-	-	-	-	-	(5.812)	(28.052)	(33.864)
1.789.278	(530.777)	909.511	2.467.846	(1.168.151)	5.046.447	16.413.086	21.459.533
1.789.278	**(530.777)**	**909.511**	**2.467.846**	**(1.168.151)**	**5.046.447**	**16.413.086**	**21.459.533**
-	-	(293.541)	(861.691)	1.168.151	-	-	-
693.862	(332.589)	-	-	543.769	996.822	2.408.922	3.405.744
-	-	-	-	543.769	543.769	673.128	1.216.897
693.862	(332.589)	-	-	-	453.053	1.735.794	2.188.847
-	-	-	-	-	-	4.066	4.066
-	-	-	104.508	-	(25.000)	(330.258)	(355.258)
-	-	-	-	-	-	(1.887)	(1.887)
-	-	-	59.844	-	59.844	(4.208)	55.636
-	-	-	-	-	-	(834.441)	(834.441)
2.483.140	**(863.366)**	**615.970**	**1.770.507**	**543.769**	**6.078.113**	**17.655.280**	**23.733.393**

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31, 2019

(Currency - Thousands of Turkish Lira (TRL) unless otherwise indicated)
(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish)

	Notes	Audited January 1- December 31, 2019	January 1- December 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		**7.156.962**	3.922.791
Profit/(Loss)		**1.216.897**	(1.103.479)
Adjustments to Reconcile Profit (Loss)		**4.059.163**	4.683.441
Adjustments for Depreciation and Amortization Expense	12,13,14,15,20,25	**2.489.832**	1.663.225
Adjustments for Impairment Loss (Reversal of Impairment Loss)		**197.243**	173.520
- Adjustments for Impairment Loss (Reversal) of Receivables	*8.1*	***34.851***	*32.584*
- Adjustments for Impairment Loss (Reversal) of Inventories	*10*	***55.100***	*9.445*
- Adjustments for Impairment Loss (Reversal of Impairment Loss) of Property, Plant and Equipment	*13,27.2*	***36.147***	*27.597*
- Adjustments for Impairment Loss (Reversal) of Goodwill	*15,27.2*	***3.369***	-
- Adjustments for Impairment Loss (Reversal of Impairment Loss) of Intangible Asset	*15,27.2*	***67.776***	*103.894*
Adjustments for Provisions		**190.061**	143.738
- Adjustments for (Reversal of) Provisions Related with Employee Benefits		***171.386***	*93.020*
- Adjustments for (Reversal of) Warranty Provisions	*17.3*	***17.818***	*10.433*
- Adjustments for (Reversal of) Other Provisions		***857***	*40.285*
Adjustments for Interest (Income) and Expenses		**2.060.042**	903.459
Adjustments for Unrealized Foreign Exchange Differences		**263.132**	1.376.165
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments		**48.594**	16.347
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method	11	**375.738**	515.224
Adjustments for Tax (Income) Expense	30.3	**508.762**	287.171
Adjustments for Losses (Gains) Arised From Disposal of Non-Current Assets		**(284.586)**	(82.281)
- Adjustments for Losses (Gains) on Disposal of Tangible Assets	27.1,27.2	***(284.586)***	*(82.281)*
Transfer of currency translation differences previously accounted as other comprehensive income		**(467.516)**	(169.937)
Other Adjustments to Reconcile Profit (Loss) (**)		**(1.322.139)**	(143.190)
Adjustments for Working Capital		**2.836.167**	644.994
Decrease (Increase) in Financial Investments		**2.039**	12.172
Adjustments for Decrease (Increase) in Trade Accounts Receivables		**(177.371)**	(498.296)
Adjustments for Decrease (Increase) in Other Operating Receivables		**1.108**	(58.947)
Adjustments for Decrease (Increase) in Inventories		**(134.244)**	(677.357)
Adjustments for Increase (Decrease) in Trade Accounts Payables		**2.325.611**	996.209
Adjustments for Increase (Decrease) in Other Operating Payables		**77.864**	538.307
Increase (Decrease) in Deferred Income		**(225.986)**	4.135
Other Adjustments for Increase (Decrease) in Working Capital		**967.146**	328.771
- Decrease (Increase) in Other Assets Related with Operations		***1.004.835***	*328.644*
- Increase (Decrease) in Other Liabilities Related with Operations		***(37.689)***	*127*
Cash Flows from Operations		**8.112.227**	4.224.956
Interest Paid		**(524.994)**	-
Interest Received	26.2	**175.851**	-
Payments Related with Provisions for Employee Benefits	26.1	**(93.657)**	(69.512)
Payments Related with Other Provisions		**(16.029)**	(28.593)
Income Taxes Refund (Paid)		**(496.436)**	(204.060)
CASH FLOWS FROM INVESTING ACTIVITIES		**154.075**	(1.439.026)
Cash Outflows Arising From Purchase of Shares or Capital Increase of Associates and/or Joint Ventures		**(211.268)**	(135.819)
Proceeds from Sale of Share or Debt Instruments of Other Business Organizations or Funds		**59.901**	53.314
Proceeds from Sales of Property, Plant, Equipment and Intangible Assets		**866.821**	202.475
Purchase of Property, Plant, Equipment and Intangible Assets		**(2.257.119)**	(1.765.134)
Other Cash Inflows (Outflows) (*)		**1.695.740**	206.138
CASH FLOWS FROM FINANCING ACTIVITIES		**(3.753.504)**	(5.161.631)
Proceeds from Issuing Shares or Other Equity Instruments		**4.066**	46.196
Proceeds from Borrowings	7	**10.835.833**	11.541.989
Repayments of Borrowings	7	**(11.922.669)**	(15.338.351)
Payments of Lease Liabilities		**(851.205)**	-
Proceeds from Derivative Instruments		**(37.463)**	(224.588)
Dividends Paid		**(355.258)**	(308.602)
Interest Paid		**(1.774.634)**	(1.215.269)
Interest Received		**347.826**	336.994
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		**3.557.533**	(2.677.866)
Effect of Exchange Rate Changes on Cash and Cash Equivalents		**82.221**	2.157.432
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**3.639.754**	(520.434)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	5	**5.269.086**	5.789.520
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**5**	**8.908.840**	5.269.086

(*) 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.

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2019

(Currency - Thousands of Turkish Lira (TRL) unless otherwise indicated)
(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish)

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.

14,19% 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, 2019 are authorized for issue by the Board of Directors on March 4, 2020 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), retailing (stationery, restaurant management and tourism) and other (production and sale of electricity, real estate, information technology, trade).

The average number of personnel of the Group for the year ended at December 31, 2019 is 56.950 (December 31, 2018: 24.922).

List of Shareholders

As of December 31, 2019 and 2018 the shareholders and shareholding rates are as follows:

	December 31, 2019		December 31, 2018	
	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 (*)	**47.211**	**19,39**	47.287	19,41
Özilhan Family (*)	**24.293**	**9,98**	24.293	9,98
Azimut Portföy SKY Serbest Özel Fon (*) (****)	**18.772**	**7,71**	-	-
Süleyman Kamil Yazıcı and his Family (*)	**-**	**-**	19.000	7,80
Publicly traded (**)	**34.553**	**14,19**	34.480	14,16
Other (***)	**232**	**0,08**	1	0,00
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, 2019, 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 16,76% of them amounting TRL 40.807 are traded on the stock exchange.

(**) The shares only consist of the shares traded on the stock exchange which do not belong to family members.

(***) TRL 218 of TRL 232 belongs to Anadolu Ecopack Üretim ve Pazarlama A.Ş. Anadolu Ecopack Üretim ve Pazarlama A.Ş.'s 100,00% shares belong to Süleyman Kamil Yazıcı and his Family.

(****) 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.

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2019

(Currency - Thousands of Turkish Lira (TRL) unless otherwise indicated)
(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish)

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

List of Subsidiaries

	Place of Incorporation	Principal activities	Segment	Effective shareholding and voting rights (%) December 31, 2019	December 31, 2018
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) (4)	Turkey	Sales of food and beverage and durable goods	Migros	**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	Retailing	**56,89**	56,89
Ülkü Kırtasiye Ticaret ve Sanayi A.Ş. (Ülkü)	Turkey	Distribution of the products of Adel and other imported stationery products	Retailing	**73,17**	73,17
Efestur Turizm İşletmeleri A.Ş. (Efestur)	Turkey	Arrangement of travelling and organization facilities	Retailing	**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	Retailing	**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
Anadolu Termik Santralleri Elektrik Üretim A.Ş. (Anadolu Termik) (3)	Turkey	Inactive	Other	**-**	100,00
AES Elektrik Enerjisi Toptan Satış A.Ş. (AES Elektrik)	Turkey	Whole sale and retail sale of electricity and/or its capacity	Other	**100,00**	100,00
AEH Sigorta Acenteliği A.Ş. (AEH Sigorta)	Turkey	Insurance agency	Other	**100,00**	100,00

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2019

(Currency - Thousands of Turkish Lira (TRL) unless otherwise indicated)
(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish)

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, 2019	December 31, 2018
Anadolu Kafkasya Enerji Yatırımları A.Ş. (Anadolu Kafkasya) [5]	Turkey	Production and transmission of electricity, and establishment and operation of distribution facilities	Other	**61,49**	75,68
Taba LLC [5]	Georgia	Production and sale of electricity (Investment in progress)	Other	**30,75**	-
Georgia Urban Enerji Ltd. (GUE) [5]	Georgia	Production and sale of electricity	Other	**55,34**	68,11
AND Anadolu Gayrimenkul Yatırımları A.Ş. (AND Anadolu Gayrimenkul)	Turkey	Purchase, sale, rental and management of real estate	Other	**100,00**	100,00
AND Ankara Gayrimenkul Yatırımları A.Ş. (AND Ankara Gayrimenkul)	Turkey	Purchase, sale and rental of real estate	Other	**100,00**	100,00
AND Kartal Gayrimenkul Yatırımları A.Ş. (AND Kartal Gayrimenkul)	Turkey	Purchase, sale and rental of real estate	Other	**100,00**	100,00
Kheledula Enerji Ltd. (Kheledula) [5]	Georgia	Production and sale of electricity (Investment in progress)	Other	**61,49**	75,68
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) The merger of AGHOL with its 100% owned inactive subsidiary, Anadolu Termik Santralleri Elektrik Üretim A.Ş., through facilitated merger has been registered on February 21, 2019 by İstanbul Registry of Commerce and merger was realized.

(4) As particularly specified in Note 3, Migros is defined as a subsidiary as of May 1, 2019.

(5) Anadolu Kafkasya, subsidiary of the Group, acquired 50% of the shares of Taba LLC from Ricoti Energy in the amount of USD 12.500 on September 16, 2019.

Also, The Company has sold 7,43% share of Anadolu Kafkasya Enerji Yatırımları A.Ş. (Anadolu Kafkasya) to Paravani Energy B.V. which is the existing partner, on September 5, 2019 in the amount of USD 5,5 Million and has sold 6,76% share on November 8, 2019 in the amount of USD 5 Million. As a result of this transaction, the Company's shareholding rate in Anadolu Kafkasya and Kheledula has decreased from 75,68% to 61,49%, shareholding rate in GUE has decreased from 68,11% to 55,34% and shareholding rate in TABA has decreased from 34,13% to 30,75%. Although the Company holds less than 50% of Taba LLC shares, Company controls Taba LLC. Regarding having control over Taba LLC, the Anadolu Kafkasya management considers the number of members of the Board of Directors representing the Anadolu Kafkasya on the Taba LLC Board of Directors, and their involvement in policy making processes, including the participation of the Anadolu Kafkasya in the dividend or other distribution decision. Because of that, Taba LLC has been identified as a subsidiary.

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2019

(Currency - Thousands of Turkish Lira (TRL) unless otherwise indicated)
(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish)

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, 2019	December 31, 2018
Ant Sınai ve Tic. Ürünleri Paz. A.Ş. [8]	Turkey	Purchase and sale of spare parts	Automotive	**55,40**	55,40
Efes Breweries International N.V. (EBI) [9]	The Netherlands	Holding company that facilitates Anadolu Efes' foreign investments in breweries	Beer	**43,05**	43,05
AB InBev Efes B.V. [9]	The Netherlands	Investment company	Beer	**21,53**	21,53
JSC Moscow-Efes Brewery (Efes Moscow) [6] [9] [10]	Russia	Production and marketing of beer	Beer	**-**	21,53
LLC Vostok Solod [9]	Russia	Production of malt	Beer	**21,53**	21,53
LLC Bosteels Trade [12]	Russia	Selling and distribution of beer	Beer	**21,53**	21,53
Euro-Asien Brauerein Holding GmbH (Euro-Asien) [9] [10]	Germany	Investment company	Beer	**21,53**	21,53
JSC AB InBev Efes [6] [9] [10]	Russia	Production and marketing of beer	Beer	**21,53**	21,53
LLC Inbev Trade [9]	Russia	Production of malt	Beer	**21,53**	21,53
PJSC AB InBev Efes Ukraine [9] [10]	Ukraine	Production and marketing of beer	Beer	**21,25**	21,22
Bevmar GmbH [9] [10]	Germany	Investment company	Beer	**21,53**	21,53
JSC FE Efes Kazakhstan Brewery (Efes Kazakhstan) [9]	Kazakhstan	Production and marketing beer	Beer	**43,05**	43,05
International Beers Trading LLP (IBT) [9]	Kazakhstan	Marketing of beer	Beer	**43,05**	43,05
Efes Vitanta Moldova Brewery S.A. (Efes Moldova) [9]	Moldova	Production of beer and low alcoholic drinks	Beer	**41,70**	41,70
JSC Lomisi (Efes Georgia) [9]	Georgia	Production and marketing and of beer and carbonated soft drinks	Beer	**43,05**	43,05
PJSC Efes Ukraine (Efes Ukraine) [9]	Ukraine	Production and marketing of beer	Beer	**43,02**	43,02
Efes Trade BY FLLC (Efes Belarus) [9]	Belarus	Market development	Beer	**43,05**	43,05
Efes Holland Technical Management Consultancy B.V. (EHTMC) [9]	The Netherlands	Leasing of intellectual property and similar products	Beer	**43,05**	43,05
LLC Efes Ukraine [11]	Ukraine	Selling and distribution of beer	Beer	**-**	43,05
Efes Pazarlama ve Dağıtım Ticaret A.Ş. (Ef-Pa) [9]	Turkey	Marketing and distribution company of Anadolu Efes	Beer	**43,05**	43,05
Cypex Co. Ltd. (Cypex) [9]	Northern Cyprus	Marketing and distribution of beer	Beer	**43,05**	43,05
Efes Deutschland GmbH (Efes Germany) [9]	Germany	Marketing and distribution of beer	Beer	**43,05**	43,05
Coca-Cola İçecek A.Ş. (CCİ) [7] [9]	Turkey	Production of Coca-Cola products	Soft-drinks	**21,64**	21,64
Coca-Cola Satış ve Dağıtım A.Ş. (CCSD) [9]	Turkey	Distribution and selling of Coca-Cola, Doğadan and Mahmudiye products	Soft-drinks	**21,63**	21,63

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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, 2019	December 31, 2018
Mahmudiye Kaynak Suyu Ltd. Şti. (Mahmudiye) [9]	Turkey	Filling and selling of natural spring water	Soft-drinks	**21,64**	21,64
J.V. Coca-Cola Almaty Bottlers LLP (Almaty CC) [9]	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) [9]	Kazakhstan	Investment company of CCİ	Soft-drinks	**21,64**	21,64
Azerbaijan Coca-Cola Bottlers LLC (Azerbaijan CC) [9]	Azerbaijan	Production, distribution and selling of Coca Cola products	Soft-drinks	**21,61**	21,61
Coca-Cola Bishkek Bottlers CJSC (Bishkek CC) [9]	Kyrgyzstan	Production, distribution and selling of Coca Cola products	Soft-drinks	**21,64**	21,64
CCI International Holland B.V. (CCI Holland) [9]	The Netherlands	Investment company of CCİ	Soft-drinks	**21,64**	21,64
Sardkar for Beverage Industry Ltd. (SBIL) [9]	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) [9]	Jordan	Production, distribution and selling of Coca Cola products	Soft-drinks	**19,47**	19,47
Coca-Cola Beverages Pakistan Ltd. (CCBPL) [9]	Pakistan	Production, distribution and selling of Coca Cola products	Soft-drinks	**10,75**	10,75
Turkmenistan Coca-Cola Bottlers Ltd. (Turkmenistan CC) [9]	Turkmenistan	Production, distribution and selling of Coca Cola products	Soft-drinks	**12,87**	12,87
Waha Beverages B.V. [9]	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) [9]	Iraq	Production, distribution and selling of Coca Cola products	Soft-drinks	**17,32**	17,32
Coca-Cola Beverages Tajikistan LLC (Coca Cola Tajikistan) [9]	Tajikistan	Production, distribution and selling of Coca Cola products	Soft-drinks	**21,64**	21,64
Ramstore Kazakhstan LLC (Ramstore Kazakhstan) [13]	Kazakhstan	Sales of food and beverage and durable goods	Migros	**50,00**	-
Ramstore Macedonia DOO (Ramstore Macedonia) [13]	Macedonia	Sales of food and beverage and durable goods	Migros	**49,50**	-
Sanal Merkez Ticaret A.Ş. (Sanal Merkez) [13]	Turkey	Inactive	Migros	**50,00**	-
Ramstore Bulgaria E.A.D. (Ramstore Bulgaria) [13]	Bulgaria	Inactive	Migros	**50,00**	-

[6] As of March 1, 2019, Efes Moscow and JSC Sun Inbev were merged under JSC Sun Inbev. As a result of the merger, JSC Sun Inbev 's name changed as JSC AB Inbev Efes.

[7] CCI shares are quoted in BIST.

[8] Subsidiary of Anadolu Isuzu.

[9] Subsidiary of Anadolu Efes. The name of PJSC Sun Inbev Ukraine was changed to PSJC AB Inbev Efes Ukraine on April 1, 2019.

[10] Companies which AB Inbev Efes B.V. directly participates in connection with the business combination explained in Note 3.

[11] Has been sold on June 4, 2019 to a non-related party.

[12] The name of LLC Efes Solod was changed to LLC Bosteels Trade on May 6, 2019.

[13] Subsidiary of Migros.

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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, 2019 and 2018 are as follows:

	Country	Main activities	Effective shareholding and voting rights (%)	
			December 31, 2019	December 31, 2018
Migros Ticaret A.Ş. (Migros) (*)	Turkey	Sales of food and beverage and durable goods	**-**	50,00
Anadolu Landini Traktör Üretim ve Pazarlama A.Ş. (Anadolu Landini)	Turkey	Tractor production	**50,00**	50,00
Aslancık Elektrik Üretim A.Ş. (Aslancık)	Turkey	Electricity production	**33,33**	33,33
LLC Faber-Castell Anadolu	Russia	Trading of all kinds of stationery	**28,44**	28,44
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	**30,87**	17,09
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

(*) Shares of Migros are currently quoted in BİST. As stated in Note 3, Migros has been identified as a subsidiary as of May 1, 2019.

(**) In December 2019, Anadolu Efes purchased shares and made capital increase at Anadolu Etap. As a result of these transactions, the final share rate of the Group in Anadolu Etap has increased from 17,09% to 30,87%. Anadolu Etap, which is accounted for as an investment valued by equity method in the Group's financial statements, will continue to be recognized as an investment valued by equity method since the management structure and the agreements between the shareholders do not allow any shareholder to control Anadolu Etap alone.

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.

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

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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.

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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, 2019	December 31, 2018
	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**	-
EBI	European Currency (EUR)	**USD**	USD
JSC AB Inbev Efes	Russian Ruble (RUR)	**RUR**	RUR
PJSC AB InBev Ukraine	Ukraine Hryvnya (UAH)	**UAH**	UAH
AB InBev Efes B.V.	European Currency (EURO)	**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

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

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

Basis of Preparation of Financial Statements (cont'd)

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. In order to be consistent with the current period presentation, the reclassifications on the consolidated financial statements for the periods ended December 31, 2018 are as follows:

a) Management of Anadolu Isuzu, a subsidiary of the Group has determined that the foreign exchange rates used in one of the 2018 Export sales project were incorrectly recognized based on the evaluations made in 2019. Anadolu Isuzu management has evaluated the effects of these errors on the consolidated financial statements and the errors identified as a result of these evaluations have been corrected retrospectively. Accordingly, the consolidated statement of financial position as of December 31, 2018 has been restated as follows;

- Inventories - decrease in the amount of TRL 3.873
- Trade receivables - increase in the amount of TRL 10.932
- Other current assets - decrease in the amount of TRL 13.259
- Short term deferred income - decrease in the amount of TRL 331
- Long term deferred income - increase in the amount of TRL 2.647
- Trade payables - increase in the amount of TRL 4.932
- Deferred tax liability - decrease in the amount of TRL 167
- Net income - equity holders of the parent- decrease in the amount of TRL 7.359
- Net income - non-controlling interests - decrease in the amount of TRL 5.924

b) In the scope of TFRS 3 "Business Combinations", it is permitted to finalize fair value appraisal of the identifiable assets, liabilities and contingent liabilities of the acquired companies in a time period of one year. Fair value appraisal process has been finalized as of March 31, 2019 for the business combination of Beer Group recognized as of March 31, 2018. Accordingly, consolidated financial statements for the year 2018 which has been prepared by recognizing provisional goodwill has been restated. According to the restatement, as of March 31, 2018 fair value of the "Inventory", "Property, Plant and Equipment", "Intangible Assets", "Deferred Tax Asset", "Other Liabilities" and "Deferred Tax Liabilities" have been changed. Restatements about the recognition of changes in fair value in the consolidated financial statements as of December 31, 2018 and profit or loss statement as of December 31, 2018 are as follows:

Consolidated statement of financial position as of December 31, 2018;

- Property, plant and equipment - increase in the amount of TRL 703.690
- Goodwill - decrease in the amount of TRL 3.284.470
- Other intangible assets - increase in the amount of TRL 3.281.583
- Deferred tax asset - decrease in the amount of TRL 191.725
- Other short term provisions - increase in the amount of TRL 62.260
- Deferred tax liability - increase in the amount of TRL 652.780
- Currency translation differences - increase in the amount of TRL 2.142
- Net income - equity holders of the parent - decrease in the amount of TRL 46.738
- Non-controlling interests - decrease in the amount of TRL 161.367

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

Basis of Preparation of Financial Statements (cont'd)

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

Consolidated statement of profit or loss as of December 31, 2018;

- Cost of sales - increase in the amount of TRL 252.763
- General administrative expenses - decrease in the amount of TRL 23.066
- Marketing expenses - increase in the amount of TRL 13.278
- Expense from investing activities - increase in the amount of TRL 10.910
- Deferred tax (expense) income - increase in the amount of TRL 37.653
- Net income - equity holders of the parent - decrease in the amount of TRL 46.738
- Net income - non-controlling interests - decrease in the amount of TRL 169.494

The fair value table and goodwill reconciliation (as of the merger date) of the net assets of the companies, whose shares are purchased, are included in "Note 3 - Business Combinations".

New and Amended Turkish Financial Reporting Standards Amendments that are mandatorily effective from 2019 year

TFRS 16	Leases
TFRS Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to TAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to TAS 19 Employee Benefits	Plan Amendment, Curtailment or Settlement
Annual Improvements to TFRS Standards 2015-2017 Cycle	Amendments to TFRS 3 Business Combinations, TFRS 11 Joint Arrangements, TAS 12 Income Taxes and TAS 23 Borrowing Costs

TFRS 16 Leases

TFRS 16; provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. TFRS 16 supersedes the current lease guidance including TAS 17 Leases and the related Interpretations for accounting periods beginning on or after 1 January 2019. The date of initial application of TFRS 16 for the Group is January 1, 2019 retrospectively taking into account the cumulative effect in the financial statements.

In contrast to lessee accounting, TFRS 16 substantially carries forward the lessor accounting requirements in TAS 17.

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:

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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)

Amendments that are mandatorily effective from 2019 year (cont'd)

TFRS 16 Leases (cont'd)

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.

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

Lease Liability

At the commencement date, The 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.

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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)

Amendments that are mandatorily effective from 2019 year (cont'd)

Lease Liability (cont'd)

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.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. The Group determine the revised discount rate as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee's incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined. After the commencement date, The Group remeasure the lease liability to reflect changes to the lease payments. The Group recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

The Group shall remeasure the lease liability by discounting the revised lease payments using a revised discount rate, if either:

a) There is a change in the lease term. The Group determine the revised lease payments on the basis of the revised lease term; or
b) There is a change in the assessment of an option to purchase the underlying asset. The Group determine the revised lease payments to reflect the change in amounts payable under the purchase option.

The Group determine the revised discount rate as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee's incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined.

The Group remeasure the lease liability by discounting the revised lease payments, if either:

a) There is a change in the amounts expected to be payable under a residual value guarantee. The Group determine the revised lease payments to reflect the change in amounts expected to be payable under the residual value guarantee.
b) There is a change in future lease payments resulting from a change in an index or a rate used to determine those payments. The Group remeasure the lease liability to reflect those revised lease payments only when there is a change in the cash flows.

The Group determine the revised lease payments for the remainder of the lease term based on the revised contractual payments. In that case, the Group use an unchanged discount rate.

The Group account for a lease modification as a separate lease if both:

a) The restructuring extends the scope of the leasing by including the right of use of one or more underlying assets, and
b) The lease payment amount increases as much as the appropriate adjustments to the price mentioned individually so that the increase in scope reflects the individual price and the terms of the relevant agreement.

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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)

Amendments that are mandatorily effective from 2019 year (cont'd)

Lease Liability (cont'd)

Leases with a lease term of 12 months or less and leases of low-value assets determined by the Group are evaluated in scope of the exemption of TFRS 16 and payments associated with those leases are recognized on a straight-line basis as an expense in profit or loss.

First adoption to TFRS 16

The Group has adopted TFRS 16 "Lease" which has been replaced with TAS 17 "Leases" from January 1, 2019 with simplified approach. The Group has not restated comparatives for the 2018 reporting period, as permitted under the simplified transition approach. With this method, use of rights are measured based on the leasing debts (which are adjusted according to leasing costs paid in cash or accrued) in the transition period.

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

	January 1, 2019
Land	26.965
Buildings	3.496.723
Machinery and equipments	12.649
Vehicles	14.090
Furniture and fixtures	5.922
Other	614
Total Right of Use Assets	**3.556.963**

With the transition, the Group recognized lease liability in the consolidated financial statements for the lease contracts which were previously measured under TAS 17 as operational leases. At transition, lease liabilities are measured at the net present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as of January 1, 2019. The weighted average of the Group's incremental borrowing rates are as follows:

Currency	January 1, 2019 Incremental Borrowing Rate
TRL	19,2%
US Dollars (USD)	5,6%
European Currency (EUR)	2,9%
Russian Ruble (RUR)	8,2%
Ukraine Hryvnya (UAH)	19,8%
Pakistan Rupee (PKR)	7,7%
Azerbaijani Manat (AZN)	15,0%
Jordan Dinar (JOD)	7,3%
Iraqi Dinar (IQD)	5,7%
British Pound (GBP)	7,0%

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

New standards and interpretations (cont'd)

New and amended TFRS Standards that are effective as of January 1, 2019 (cont'd)

TFRS 16 Leases (cont'd)

First adoption to TFRS 16 (cont'd)

Finance leases

The main differences between TFRS 16 and TAS 17 with respect to assets formerly held under a finance lease is the measurement of the residual value guarantees provided by the lessee to the lessor. TFRS 16 requires that the Group recognizes as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by TAS 17. Based on an analysis of the finance leases as at December 31, 2019 and on the basis of the facts and circumstances that exist at that date, there isn't any material impact on the Group's consolidated financial statements.

The effects of TFRS 16 on the consolidated statement of financial position as of December 31, 2019 are as follows:

	December 31, 2019		
	Without TFRS 16 effects	TFRS 16 effects	With TFRS 16 effects
Current Assets	**20.499.717**	**(20.013)**	**20.479.704**
Trade receivables	3.316.004	-	3.316.004
Other receivables	-	5.594	5.594
Prepaid expenses	787.140	(25.607)	761.533
Other components of current assets	16.396.573	-	16.396.573
Non-current Assets	**42.977.530**	**3.674.474**	**46.652.004**
Other receivables	-	5.766	5.766
Right of use assets	-	3.694.386	3.694.386
Prepaid expenses	451.692	(34.560)	417.132
Investments accounted through equity	77.254	(3.104)	74.150
Deferred tax asset	1.081.395	6.500	1.087.895
Other components of non-current assets	41.367.189	5.486	41.372.675
TOTAL ASSETS	**63.477.247**	**3.654.461**	**67.131.708**
Current Liabilities	**21.035.957**	**425.550**	**21.461.507**
Current portion of non-current borrowings	3.376.407	425.550	3.801.957
Other components of current liabilities	17.659.550	-	17.659.550
Non-current Liabilities	**18.529.659**	**3.407.149**	**21.936.808**
Long-term borrowings	14.049.086	3.453.353	17.502.439
Deferred tax liabilities	3.220.276	(32.788)	3.187.488
Other components of non-current liabilities	1.260.297	(13.416)	1.246.881
TOTAL EQUITY	**23.911.631**	**(178.238)**	**23.733.393**
Equity Attributable to Equity Holders of the Parent	**6.178.587**	**(100.474)**	**6.078.113**
Prior years' profits	1.770.507	-	1.770.507
Current period profits	643.989	(100.220)	543.769
Currency translation differences	2.483.394	(254)	2.483.140
Other components of equity	1.280.697	-	1.280.697
Non-Controlling Interests	**17.733.044**	**(77.764)**	**17.655.280**
TOTAL LIABILITIES	**63.477.247**	**3.654.461**	**67.131.708**

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

New standards and interpretations (cont'd)

New and amended TFRS Standards that are effective as of January 1, 2019 (cont'd)

TFRS 16 Leases (cont'd)

First adoption to TFRS 16 (cont'd)

The effects of TFRS 16 on the consolidated profit or loss statement as of December 31, 2019 are as follows:

	January 1 - December 31, 2019		
	Without TFRS 16 effects	**TFRS 16 effects**	**With TFRS 16 effects**
Revenue	45.240.423	-	45.240.423
Cost of Sales (-)	(31.586.881)	106.869	(31.480.012)
GROSS PROFIT (LOSS)	**13.653.542**	**106.869**	**13.760.411**
General Administrative Expenses (-)	(2.257.737)	21.231	(2.236.506)
Marketing Expenses (-)	(8.500.846)	121.326	(8.379.520)
Research and Development Expenses (-)	(4.789)	-	(4.789)
Other Operating Income	1.091.421	(25)	1.091.396
Other Operating Expenses (-)	(1.306.890)	-	(1.306.890)
Gain (Loss) from Investments Accounted Through Equity Method	(338.572)	(37.166)	(375.738)
INCOME FROM OPERATING ACTIVITIES	**2.336.129**	**212.235**	**2.548.364**
Income from Investing Activities	2.298.330	-	2.298.330
Expense from Investing Activities (-)	(405.809)	-	(405.809)
INCOME BEFORE FINANCING INCOME (EXPENSE)	**4.228.650**	**212.235**	**4.440.885**
Financial Income	1.463.869	1.094	1.464.963
Financial Expenses (-)	(3.798.666)	(381.523)	(4.180.189)
INCOME (LOSS) FROM CONTINUING OPERATIONS	**1.893.853**	**(168.194)**	**1.725.659**
Tax (Expense) Income, Continuing Operations	**(533.003)**	**24.241**	**(508.762)**
- Current Period Tax (Expense) (-)	*(455.738)*	-	*(455.738)*
- Deferred Tax (Expense) Income	*(77.265)*	*24.241*	*(53.024)*
NET INCOME (LOSS)	**1.360.850**	**(143.953)**	**1.216.897**
Profit/(Loss) Attributable to			
- Non-Controlling Interest	*716.861*	*(43.733)*	*673.128*
- Equity Holders of the Parent	*643.989*	*(100.220)*	*543.769*
EBITDA	**5.539.553**	**726.161**	**6.265.714**

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

New standards and interpretations (cont'd)

New and amended TFRS Standards that are effective as of January 1, 2019 (cont'd)

TFRS Interpretation 23 *Uncertainty over Income Tax Treatments*

This interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under TAS 12.

Amendments to TAS 28 *Long-term Interests in Associates and Joint Ventures*

This amendment clarifies that an entity applies TFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

Amendments to TAS 19 Employee Benefits Plan

Amendments to TAS 19 Employee Benefits address changes in defined benefit plans from the post-employment benefit benefits (defined as defined benefit plans and defined contribution plans) to the recognition of the defined benefit plans and amended TAS 19.

Annual Improvements to TFRS Standards 2015-2017 Cycle

Annual Improvements to TFRS Standards 2015-2017 Cycle include amendments to TFRS 3 Business Combinations and TFRS 11 Joint Arrangements in when a party that participates in, but does not have joint control of, TAS 12 Income Taxes; income tax consequences of dividends in profit or loss, and TAS 23 Borrowing Costs in capitalized borrowing costs.

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 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*

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, 2021.

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

New standards and interpretations (cont'd)

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

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.

Other than TFRS 16, these standards, amendments and improvements have no material impact on the consolidated financial position and performance of the Group.

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" and TFRS 16 Leases, 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.

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

Basis of Consolidation (cont'd)

Subsidiaries (cont'd)

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.

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.

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

Basis of Consolidation (cont'd)

Subsidiaries (cont'd)

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 Efes Moscow ve 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, Efes Moscow and 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.

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.

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

Basis of Consolidation (cont'd)

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.

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 28,3% 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.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the group's interest in the joint ventures. Unrealised 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.

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

Basis of Consolidation (cont'd)

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.

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.

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

Summary of Significant Accounting Policies (cont'd)

2.1 Revenue (cont'd)

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

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.

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

Summary of Significant Accounting Policies (cont'd)

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	2-12 years
Leasehold improvements	Lower of lease period or useful life

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 accounts returnable bottles under property, plant and equipment. Deposit obligations relating to such returnable bottles are reflected in other payables. The Group carries the liabilities related to returnable packages of Turkey Beer operation in the consolidated balance sheet, until the return of these packages from points of sales. 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.

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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

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.

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.

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

Summary of Significant Accounting Policies (cont'd)

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.

(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.

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

Summary of Significant Accounting Policies (cont'd)

2.6 Intangible Assets (cont'd)

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.

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.

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

Summary of Significant Accounting Policies (cont'd)

2.7 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.

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 profit or loss statement.

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

Summary of Significant Accounting Policies (cont'd)

2.7 Business Combinations (cont'd)

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.

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.

2.8 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.

2.9 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.

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

Summary of Significant Accounting Policies (cont'd)

2.10 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. 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.

Classification of financial assets

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.

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

Summary of Significant Accounting Policies (cont'd)

2.10 Financial Instruments (cont'd)

(i) Amortized cost and effective interest method

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.

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.

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

Summary of Significant Accounting Policies (cont'd)

2.10 Financial Instruments (cont'd)

Impairment of financial assets (cont'd)

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.

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.

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

Summary of Significant Accounting Policies (cont'd)

2.10 Financial Instruments (cont'd)

Financial liabilities (cont'd)

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.

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.

2.11 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.

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

Summary of Significant Accounting Policies (cont'd)

2.11 Foreign Currency Transactions (cont'd)

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.

2.12 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.

2.13 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.

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

Summary of Significant Accounting Policies (cont'd)

2.14 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.

2.15 Leases

Accounting policies applied until December 31, 2018 are included:

The Group as a Lessee

Finance Lease

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income. Capitalized leased assets are depreciated over the estimated useful life of the asset. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating Lease

Leases where the lesser retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. These include rent agreements of premises, which are cancellable subject to a period of notice. Operating lease payments are recognized as an expense in the statement of profit or loss on a straight-line basis over the lease term.

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

Summary of Significant Accounting Policies (cont'd)

2.15 Leases (cont'd)

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. The details of the related tangible assets and financial leasing liabilities are explained in detail in Note 7 and Note 13.

2.16 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.

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

Summary of Significant Accounting Policies (cont'd)

2.17 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), retailing (stationery, chain restaurant management and tourism) and other (production and sale of electricity, information technology, trade and real estate).

2.18 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.

2.19 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.

Corporate Tax Rate of Significant Subsidiaries Located in Foreign Countries

	2019	2018
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	**14%**	14%
Turkmenistan	**8%**	8%
Tajikistan	**13%**	13%

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

Summary of Significant Accounting Policies (cont'd)

2.19 Taxes (cont'd)

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.

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.

2.20 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.

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

2.20 Employee Termination Benefits (cont'd)

Summary of Significant Accounting Policies (cont'd)

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.

2.21 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.

2.22 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.

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.

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

Summary of Significant Accounting Policies (cont'd)

2.22 Hedge Accounting (cont'd)

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.

2.23 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.

2.24 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.

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, 2019, 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 3,00% - 15,10% (December 31, 2018: between 4,70% and 13,00%) and after tax discount rate is between 7,70% and 26,70% (December 31, 2018: between 10,80% and 25,90%).

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

Use of Accounting Estimates and Assumptions (cont'd)

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.

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.

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 non-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, 2019, valuation was also calculated under this policy and revaluation increase of TRL 99.085 after deferred tax was recognized under Revaluation and Remeasurement Gain (Loss). As of December 31, 2019, the net book value of the assets used in operational leasing before valuation amounts to TRL 738.786 (December 31, 2018: TRL 1.510.453).

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.

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

Use of Accounting Estimates and Assumptions (cont'd)

Assets used in renting activities (cont'd)

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.

NOTE 3 - BUSINESS COMBINATIONS

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).

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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%.

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%.

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.

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NOTE 3 - BUSINESS COMBINATIONS (cont'd)

Transactions for the year of 2018

On March 29, 2018 after the required approvals from the legal authorities related with the alliance with Anheuser Busch InBev SA/NV (AB InBev), EBI's all beer operations in Russia, whose 100% shares are owned by Anadolu Efes, the subsidiary of the Group and AB InBev's all beer operations in Russia and Ukraine, has been merged under AB InBev Efes BV (AB InBev Efes) as 50%-50% ownership of Anadolu Efes and AB InBev. After this business combination, Anadolu Efes's Russian business and AB InBev's Russian and Ukrainian businesses started to operate together.

In August 2017, AB InBev Efes B.V. established in Netherlands by EBI with 100% ownership in order to facilitate the business combination. Thereafter, AB InBev has made an in kind capital contribution to AB InBev Efes with JSC Sun InBev, PJSC Sun InBev Ukraine and Bevmar GmbH entities' 100,00%, 98,34% and 100,00% shares respectively on March 29, 2018. At the same time, EBI has made an in kind capital contribution to AB InBev Efes with 100% shares of Efes Moscow and Euro-Asien on March 29, 2018. Moreover, AB InBev and EBI have made cash capital increase in AB InBev Efes with a total amount of USD 500 Thousand. After the cash and in kind capital contributions made by AB InBev and EBI, their ownership in AB InBev Efes became 50%-50%.

As a result of this merger, ABI InBev Efes's direct effective shareholding and voting rights have been 100,00%, 98,34% and 100,00% on JSC Sun InBev, PJSC Sun InBev Ukraine and Bevmar GmbH respectively (Anadolu Efes' share 50,00%, 49,17% and 50,00%). In accordance with the clauses of the shareholders agreement between EBI and AB InBev, EBI has acquired the control on JSC Sun InBev, PJSC Sun InBev Ukraine and Bevmar GmbH. Accordingly; JSC Sun InBev, PJSC Sun InBev Ukraine and Bevmar GmbH have been consolidated for the period ended March 31, 2018.

Additionally, as a result of this merger ABI InBev Efes's direct effective shareholding and voting rights have been 100% in Efes Moscow and Euro-Asien. Accordingly, Anadolu Efes' share in these subsidiaries have been changed to 50,00% with retained control (Before this merger, the effective shareholding and voting rights were 100% for these two companies). In accordance with TFRS 10, as a result of the change in effective shareholding rates in Efes Moscow and Euro-Asien with retained control, the difference between the fair value and the book value amounting to TRL 586.736 has been booked as "Retained Earnings" under equity attributable to equity holders of the parent in consolidated financial statements of Anadolu Efes (The Group's share amounts to TRL 252.590).

Based upon the valuation report, the value of the assets that AB InBev has contributed in kind in AB InBev Efes as capital has been booked as USD 1.049.170 Thousand in the financial statements of AB InBev Efes (equivalent of TRL 4.143.067). Additionally, AB InBev has made a cash capital contribution to AB InBev Efes amounting to USD 250 Thousand as mentioned above (equivalent of TRL 987).

Based upon the valuation report, the value of the assets that EBI has contributed in kind in AB InBev Efes as capital has been booked as USD 1.049.990 Thousand in the financial statements of AB InBev Efes (equivalent of TRL 4.146.305). Additionally, EBI has made a cash capital contribution to AB InBev Efes amounting to USD 250 Thousand as mentioned above (equivalent of TRL 987).

After this merger, 50% of JSC Sun InBev's shareholder loan amounting to TRL 595.553 is taken over by EBI. 50% of Efes Russia's the shareholder loan amounting to TRL 327.097 is taken over by Brandbev S.A.R.L which is an ABI InBev Group company.

In December 2018, AB Inbev made a cash payment of USD 39,4 Million to EBI regarding to the commitments determined within the scope of this business combination (equivalent of TRL 179.856).

If the financial statements of JSC Sun InBev, PJSC Sun InBev Ukraine and Bevmar GmbH had been consolidated since January 1, 2018, the contribution to consolidated net revenue would have been TRL 474.753 (Consolidated net revenue would be TRL 24.456.008 for the year ended December 31, 2018).

Fair value appraisal of the identifiable assets, liabilities and contingent liabilities of the acquired companies according to TFRS 3 "Business Combinations" has been realized. As at March 31, 2018, the difference amounting to TRL 535.793 between the Group's acquisition cost and the fair value of net assets of the Group companies is recognized as goodwill in the consolidated financial statements.

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NOTE 3 - BUSINESS COMBINATIONS (cont'd)

Transactions for the year of 2018 (cont'd)

The fair value of the net assets of JSC Sun InBev, PJSC Sun InBev Ukraine and Bevmar GmbH derived from the financial statements as of the acquisition date are as follows:

	Fair Value			
	Consolidated (JSC Sun InBev, PJSC Sun InBev Ukraine, Bevmar GmbH)	**JSC Sun InBev**	**PJSC Sun InBev Ukraine**	**Bevmar GmbH**
Cash and Cash Equivalents	**13.758**	11.773	1.985	-
Trade and Other Receivables	**231.333**	203.884	27.449	-
Due from Related Parties	**26.259**	24.183	4.703	277.237
Inventories	**341.926**	274.353	67.573	-
Other Current Assets	**48.660**	25.439	23.222	-
Tangible Assets	**1.736.920**	1.463.742	273.178	-
Intangible Assets	**3.034.023**	2.893.308	140.715	-
Other Non - Current Assets	**281**	252	29	-
Deferred Tax Assets	**138.702**	89.633	49.069	-
Financial Liabilities to Related Parties	**(596.047)**	(873.201)	-	-
Financial Liabilities to Third Parties	**(120.293)**	-	(119.938)	(355)
Trade payables	**(748.718)**	(560.950)	(187.768)	-
Due to Related Parties	**(194.070)**	(129.307)	(67.230)	(243)
Other Liabilities	**(258.257)**	(197.636)	(60.622)	-
Deferred Tax Liabilities	**(598.760)**	(573.824)	(24.936)	-
Carrying Value of Net Assets Acquired	**3.055.717**	**2.651.649**	**127.430**	**276.639**
As result of merger, AB InBev Efes's shareholding rights on companies		100,00%	98,34%	100,00%
Anadolu Efes' share in Net Assets	**3.053.603**	**2.651.649**	**125.315**	**276.639**

Total consideration	**4.143.069**
Shareholder loans transferred, net	**(134.229)**
Cash inflows due to commitments determined within the scope of the business combination	**(179.856)**
Impaired assets due to a business combination	**(239.588)**
Anadolu Efes' share in net assets	**3.053.603**
Goodwill arising from acquisition (Note 15.2)	**535.793**

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); retailing (stationery, restaurant management and tourism) and other (production and sale of electricity, real estate, information technologies, 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.

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NOTE 4 - SEGMENT REPORTING (cont'd)

December 31, 2019	**Beer**	**Soft-Drinks**	**Migros**	**Automotive**	**Retailing**	**Other**	**Eliminations and Adjustments**	**Consolidated**	**Pro forma Consolidated with Migros (**)**
Sales	10.579.490	11.957.649	23.187.669	4.114.418	1.359.019	497.377	(6.455.199)	45.240.423	51.699.024
Inter-segment sales	489.530	287.361	3.695	48.124	39.820	130.729	(999.259)	-	-
Total Sales	**11.069.020**	**12.245.010**	**23.191.364**	**4.162.542**	**1.398.839**	**628.106**	**(7.454.458)**	**45.240.423**	**51.699.024**
GROSS PROFIT (LOSS)	**4.582.804**	**4.206.600**	**6.205.253**	**666.763**	**302.417**	**153.828**	**(2.357.254)**	**13.760.411**	**15.586.848**
Operating expenses	(4.113.636)	(2.601.737)	(4.884.123)	(323.807)	(192.346)	(160.842)	1.655.676	(10.620.815)	(12.118.559)
Other operating income (expenses), net	255.600	(83.712)	(516.372)	(12.101)	661	12.210	128.220	(215.494)	(360.782)
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)	**601.397**	**1.520.790**	**804.758**	**317.566**	**104.650**	**(227.439)**	**(573.358)**	**2.548.364**	**2.932.800**
Income (expense) from investing activities, net	860.962	3.009	(30.169)	995	1.247	964	1.055.513	1.892.521	1.887.713
Financial income (expense), net	(517.370)	(334.872)	(1.242.119)	(568.643)	(149.499)	(479.891)	577.168	(2.715.226)	(3.292.236)
INCOME (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**944.989**	**1.188.927**	**(467.530)**	**(250.082)**	**(43.602)**	**(706.366)**	**1.059.323**	**1.725.659**	**1.528.277**
Tax (expense) income from continuing operations, net	(410.354)	(246.681)	(24.440)	40.972	3.916	28.146	99.679	(508.762)	(512.787)
NET INCOME (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	**534.635**	**942.246**	**(491.970)**	**(209.110)**	**(39.686)**	**(678.220)**	**1.159.002**	**1.216.897**	**1.015.490**
Attributable to:									
- Non-controlling interest	(167.873)	(23.523)	142	(97)	-	(5.156)	869.635	673.128	471.721
- Equity holders of the parent	702.508	965.769	(492.112)	(209.013)	(39.686)	(673.064)	289.367	543.769	543.769
Total Assets	**22.536.050**	**15.959.755**	**14.479.305**	**2.933.439**	**889.308**	**5.712.484**	**4.621.367**	**67.131.708**	**67.131.708**
Total Liabilities	**12.034.372**	**8.590.406**	**14.138.007**	**2.728.131**	**730.043**	**4.292.074**	**885.282**	**43.398.315**	**43.398.315**
Net debt	**1.574.911**	**2.334.080**	**2.055.016**	**1.319.364**	**208.250**	**3.753.469**	**-**	**11.245.090**	**11.245.090**
Purchases of tangible & intangible assets, assets used in renting activities and investment property	1.057.586	765.987	340.861	132.920	25.123	3.031	(68.389)	2.257.119	2.325.508
EBITDA	**1.755.811**	**2.282.745**	**2.235.767**	**432.815**	**238.135**	**38.585**	**(718.144)**	**6.265.714**	**6.911.133**
- Depreciation and amortization	1.036.619	694.587	805.960	79.341	117.007	32.847	(276.529)	2.489.832	2.757.389
- Provision for employee termination benefits	14.844	38.822	92.159	7.887	10.352	726	(23.593)	141.197	164.790
- Provision for vacation pay liability	12.756	1.103	16.518	(88)	44	(184)	(25.166)	4.983	30.149
- Other	(33.176)	27.082	516.372	14.820	-	-	180.502	705.600	851.298

(*) 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 'retailing' 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.

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NOTE 4 - SEGMENT REPORTING (cont'd)

December 31, 2018	Beer	Soft-Drinks	Automotive	Retailing	Other	Eliminations and Adjustments	Consolidated	Migros	Pro forma Consolidated with Migros (**)
Sales	8.066.678	10.623.314	3.857.525	1.179.682	254.502	(446)	23.981.255	18.717.358	42.069.622
Inter-segment sales	-	71	49.419	20.741	126.596	(196.827)	-	-	-
Total Sales	8.066.678	10.623.385	3.906.944	1.200.423	381.098	(197.273)	23.981.255	18.717.358	42.069.622
GROSS PROFIT (LOSS)	3.210.788	3.526.789	685.789	247.902	147.849	(137.757)	7.681.360	4.880.541	12.516.848
Operating expenses	(3.218.281)	(2.311.107)	(313.800)	(176.235)	(148.896)	146.553	(6.021.766)	(4.031.754)	(10.035.220)
Other operating income (expenses), net	128.997	39.093	(69.436)	(6.266)	(10.938)	(22.347)	59.103	(407.697)	(349.074)
Gain (loss) from the investments accounted through equity method (*)	(80.183)	(882)	(12.432)	(753)	(420.974)	-	(515.224)	-	(135.840)
OPERATING INCOME (LOSS)	41.321	1.253.893	290.121	64.648	(432.959)	(13.551)	1.203.473	441.090	1.996.714
Income (expense) from investing activities, net	172.759	(9.295)	4.378	(2.726)	53.651	(110.694)	108.073	(136.832)	90.774
Financial income (expense), net	(269.815)	(688.827)	(787.262)	(66.414)	(315.026)	(510)	(2.127.854)	(1.351.525)	(3.479.375)
INCOME (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	(55.735)	555.771	(492.763)	(4.492)	(694.334)	(124.755)	(816.308)	(1.047.267)	(1.391.887)
Tax (expense) income from continuing operations, net	(83.859)	(195.611)	498	(6.215)	2.148	(4.132)	(287.171)	211.830	(90.861)
NET INCOME (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	(139.594)	360.160	(492.265)	(10.707)	(692.186)	(128.887)	(1.103.479)	(835.437)	(1.482.748)
Attributable to:									
- Non-controlling interest	(80.795)	33.383	(178)	-	(2.075)	114.337	64.672	121	(314.597)
- Equity holders of the parent	(58.799)	326.777	(492.087)	(10.707)	(690.111)	(243.224)	(1.168.151)	(835.558)	(1.168.151)
Total Assets	18.337.472	14.020.442	3.645.460	718.501	5.451.975	5.283.907	47.457.757	10.884.861	56.544.247
Total Liabilities	9.546.580	7.569.706	3.644.583	505.677	3.586.017	1.145.661	25.998.224	10.249.771	36.054.057
Net debt	1.804.887	2.628.435	2.825.124	243.025	2.824.742	4.142	10.330.355	2.801.131	13.131.488
Purchases of tangible & intangible assets, purchases of assets used in renting activities, investment property	1.057.586	857.646	773.410	45.807	2.955	(305.063)	2.432.341	487.751	2.737.404
EBITDA	1.084.268	1.870.574	423.958	111.226	19.758	(316)	3.509.468	1.217.399	4.699.634
- Depreciation and amortization	884.874	598.630	103.848	31.920	30.721	13.232	1.663.225	295.083	1.958.307
- Provision for employee termination benefits	17.395	19.223	5.550	6.894	646	57	49.765	61.536	111.301
- Provision for vacation pay liability	10.700	1.031	265	6.133	376	1	18.506	11.993	30.499
- Other	49.795	(3.085)	11.742	878	-	(55)	59.275	407.697	466.973

(*) Loss recognized from Anadolu Etap which is accounted through equity method amounting TRL 80.183 is recorded under 'beer' segment; loss recognized from SSDSD amounting TRL 882 is recorded under 'soft-drinks' segment; loss recognized from Anadolu Landini amounting TRL 12.432 is recorded under 'automotive' segment; loss recognized from Aslancık amounting TRL 40.807, loss recognized from TOGG amounting TRL 783 and loss recognized from Migros amounting TRL 379.384 are recorded under 'other' segment; loss recognized from LLC Faber -Castell Anadolu amounting TRL 753 is recorded under 'retailing' 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, 2018.

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NOTE 5 - CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents are as follows:

	December 31, 2019	December 31, 2018
Cash	**97.542**	5.317
Time deposit	**6.854.643**	4.226.317
Demand deposit	**875.348**	811.176
Credit card receivables	**1.056.763**	193.835
Other cash and cash equivalents (*)	**24.544**	32.441
Cash and cash equivalents in the consolidated cash flow statement	**8.908.840**	5.269.086
Interest income accruals	**18.847**	13.904
	8.927.687	5.282.990

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

As of December 31, 2019, while annual interest rates of the TRL denominated time deposits vary between 7,60% and 14,10% (December 31, 2018: 15,00% - 24,50%), annual interest rates of the USD and Euro and other currency denominated time deposits vary between 0,5% and 18,00% (December 31, 2018: Annual interest rates of the USD, Euro and other currency denominated time deposits vary between 0,2% and 18,00%).

As of December 31, 2019, cash and cash equivalents of AGHOL amount to TRL 199.707 (December 31, 2018: TRL 110.235).

As of December 31, 2019, there is no cash deposit pledged as collateral or no restricted deposit by the Group (December 31, 2018: None).

As of December 31, 2019, the Group has designated its bank deposits amounting to TRL 125.789, equivalent of USD 18.992 Thousand and EUR 1.950 Thousand for the future raw material purchases, operational and interest expense related payments (December 31, 2018: TRL 1.100.668, equivalent of USD 195.145 Thousand and EUR 12.281 Thousand).

NOTE 6 - FINANCIAL INVESTMENTS

	December 31, 2019	December 31, 2018
Time deposits	**408.248**	31.439
Investment fund	**7.623**	6.883
Credit card receivables	**-**	2.039
Other	**4.787**	367
	420.658	40.728

As of December 31, 2019, deposits with maturities longer than 3 months with 31 to 180 days are in TRL, USD, EURO, KZT and MKD and interest rate for TRL is 11,40%, vary between 0,8%-3,0% for USD, 1,10% for EURO, 1% for MKD and vary between 10,00%-10,50% for KZT (December 31, 2018 - USD 1,00%- 4,50% and KZT 11,00%; maturities between 31-361 days).

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NOTE 7 - BORROWINGS

	December 31, 2019	December 31, 2018
Bank borrowings	**3.335.175**	3.184.503
Current portion of long term borrowings	**3.270.718**	3.643.106
Lease liabilities	**531.239**	113.693
Short term borrowings	**7.137.132**	6.941.302
Bank borrowings	**13.982.755**	8.549.418
Lease liabilities	**3.519.684**	162.986
Long term borrowings	**17.502.439**	8.712.404
Total borrowings	**24.639.571**	15.653.706

As of December 31, 2019 AGHOL's total bank borrowings amount to TRL 2.431.270 (December 31, 2018: TRL 1.644.887).

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.

Lessee - Finance Lease

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

Net book value of property, plant and equipment obtained by financial leasing of the Group is TRL 32.766 (December 31, 2018: TRL 43.225). Sale and leaseback process have been applied for the property, plant and equipment amounting TRL 32.016 (December 31, 2018: TRL 42.289) acquired by financial leasing. The Group has continued to record these tangible assets based on previous net book values assuming no leaseback transactions.

The movement of bank loans as of December 31, 2019 and 2018 is as follows:

	December 31, 2019	December 31, 2018
Opening balance	**15.653.706**	14.112.520
Interest expense	**1.637.385**	1.243.994
Interest paid	**(1.717.362)**	(1.215.269)
Addition through business combination	**4.915.253**	418.554
Shareholder loans transferred as a result of business combination	**-**	163.549
Proceeds from borrowings	**10.835.833**	11.541.989
Repayments of borrowings	**(11.922.669)**	(15.338.351)
Foreign exchange (gain)/loss, net	**989.357**	4.256.305
Classification to lease liabilities item under TFRS 16	**(276.679)**	-
Currency translation differences	**447.812**	413.085
Capitalized interest	**26.012**	57.330
Closing balance	**20.588.648**	15.653.706

As of December 31, 2019, net interest expense on cross currency swap contracts is TRL 139.377 (December 31, 2018: TRL 44.990).

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NOTE 7 - BORROWINGS (cont'd)

	December 31, 2019			December 31, 2018		
Short term	**Amount**	**Fixed interest rate**	**Floating interest rate**	Amount	Fixed interest rate	Floating interest rate
Borrowing in Turkish Lira	**2.767.859**	**10,5% - 29,0%**	**Trlibor + (3,5% - 4,8%)**	2.515.681	11,7% - 37,5%	-
Borrowing in foreign currency (EUR)	**1.968.531**	**1,4% - 6,0%**	**Euribor + (0,7% - 5,1%)**	3.030.888	1,0% - 8,0%	Euribor + (0,9% - 5,1%)
Borrowing in foreign currency (USD)	**1.231.838**	**1,5% - 6,0%**	**Libor + (3,9% - 6,9%)**	608.226	3,0% - 5,0%	Libor + (1,0% - 5,8%)
Borrowing in foreign currency (Other)	**637.665**	**0,1% - 15,5%**	**Kibor + (0,3%)**	672.814	6,0% - 21,5%	Kibor + (-0,1% - 0,5%) & Mosprime + (2,6%)
	6.605.893			6.827.609		

Long term	**Amount**	**Fixed interest rate**	**Floating interest rate**	Amount	Fixed interest rate	Floating interest rate
Borrowing in Turkish Lira	**2.228.760**	**11,6% - 29,0%**	**Trlibor + (3,5% - 4,8%)**	759.919	11,7% - 29,0%	-
Borrowing in foreign currency (EUR)	**4.737.734**	**1,5% - 6,0%**	**Euribor + (4,8% - 5,1%)**	1.368.410	1,5% - 5,0%	Euribor + (1,6% - 5,1%)
Borrowing in foreign currency (USD)	**6.463.658**	**2,5% - 4,2%**	**Libor + (4,4% - 5,4%)**	6.416.056	3,4% - 4,4%	Libor + (3,9% - 5,0%)
Borrowing in foreign currency (Other)	**552.603**	**7,9% - 11,0%**	**-**	5.033	6,0%	-
	13.982.755			8.549.418		
	20.588.648			15.377.027		

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

	December 31, 2019	December 31, 2018
1-2 years	**3.158.748**	1.191.615
2-3 years	**5.803.004**	767.128
3-4 years	**1.697.587**	2.811.293
4-5 years	**2.931.679**	860.074
5 years and more	**391.737**	2.919.308
	13.982.755	8.549.418

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NOTE 8 - TRADE RECEIVABLES AND TRADE PAYABLES

8.1 Trade Receivables, Third Parties

	December 31, 2019	December 31, 2018
Trade receivables	**3.426.085**	2.761.477
Post-dated cheques and notes receivables	**105.562**	121.991
Less: provision for expected credit loss	**(234.603)**	(127.392)
	3.297.044	2.756.076

As of December 31, 2019, the Group has long term trade receivables from third parties amounting to TRL 1.619 (December 31, 2018: TRL 1.437).

Movement of provision for expected credit loss is as follows:

	December 31, 2019	December 31, 2018
Balance at January 1	**127.392**	69.925
Provisions (Note 26.2)	**47.876**	36.222
Reversal of provision (including collections)	**(13.025)**	(3.638)
Recorded due to business combination	**66.941**	26.429
Write-off from expected credit loss	**(6.986)**	(11.191)
Currency translation differences	**12.405**	9.645
Balance at the end of the period	**234.603**	127.392

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, 2019	December 31, 2018
- Less than a year	**93.018**	328.493
- Between one and five years	**5.944**	145.262
	98.962	473.755

8.2 Trade Payables, Third Parties

	December 31, 2019	December 31, 2018
Short-term trade payables	**11.476.060**	4.153.846
Long-term trade payables	**10.864**	44.207
	11.486.924	4.198.053

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NOTE 9 - OTHER RECEIVABLES AND PAYABLES

9.1 Other Short Term Receivables, Third Parties

	December 31, 2019	December 31, 2018
Receivables from tax office	**31.435**	54.827
Due from personnel	**40.907**	16.612
Deposits and guarantees given	**2.266**	6.827
Other	**121.339**	40.674
	195.947	118.940

9.2 Other Long Term Receivables, Third Parties

	December 31, 2019	December 31, 2018
Deposits and guarantees given	**60.609**	51.283
Other	**3.409**	5.485
	64.018	56.768

9.3 Other Short Term Payables, Third Parties

	December 31, 2019	December 31, 2018
Taxes payable	**1.229.848**	1.155.767
Deposits and guarantees taken	**312.978**	262.906
Other	**37.143**	96.822
	1.579.969	1.515.495

As of December 31, 2019 the non-current portion of other payables to third parties consists of deposits and guarantees taken amounting TRL 485.872 and other payables amounting to TRL 1.865 (December 31, 2018: TRL 392.368).

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NOTE 10 - INVENTORIES

	December 31, 2019	December 31, 2018
Raw materials	**1.089.522**	969.597
Work-in-process	**254.934**	175.974
Finished and trade goods	**3.561.473**	1.061.894
Packaging materials	**176.561**	154.802
Bottles and cases	**183.087**	86.030
Supplies	**182.539**	150.199
Ongoing real estate projects (*)	**242.447**	435.999
Other inventories	**152.474**	148.889
Provisions for impairment (-)	**(145.012)**	(52.247)
	5.698.025	3.131.137

(*) Balance is related to the ongoing housing project of Kartal Gayrimenkul, a subsidiary of the Company which is operating in real estate development business located in Kartal district of İstanbul province and the housing project in Çankaya district of Ankara province and it includes capitalized financial expense amounting TRL 26.012 in total of which TRL 106.926 belongs to January 1 - December 31, 2019 (December 31, 2018: TRL 80.914).

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

	December 31, 2019	December 31, 2018
Balance at January 1	**52.247**	31.530
Provision	**69.237**	30.426
Provisions no longer required (-)	**(14.137)**	(20.981)
Recorded due to business combination	**27.684**	16.950
Inventories written-off (-)	**(4.226)**	(5.350)
Currency translation differences	**14.207**	(328)
Balance at the end of the period	**145.012**	52.247

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NOTE 11 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD

Joint Ventures

			December 31, 2019		December 31, 2018	
Entity	**Principle activities**	**Country**	**Carrying value**	**Effective shareholding and voting rights (%)**	Carrying value	Effective shareholding and voting rights (%)
Migros (*)	Sales of food and drinks along with durable goods	Turkey	**-**	**-**	1.884.617	50,00
Anadolu Landini Traktör Üretim ve Pazarlama A.Ş. (Anadolu Landini)	Tractor production	Turkey	**(2.868)**	**50,00**	10.421	50,00
Aslancık	Production of electricity	Turkey	**(1.882)**	**33,33**	(54.073)	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	**62.013**	**30,87**	71.195	17,09
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	**12.137**	**19,00**	8.717	19,00
			69.400		1.920.877	

	January 1 - December 31, 2019	January 1 - December 31, 2018
Entity	**Group's interest in net income/(loss)**	
Migros (*)	**(201.031)**	(379.384)
Anadolu Landini	**(13.289)**	(12.432)
Aslancık	**(16.024)**	(40.807)
LLC Faber-Castell Anadolu	**(6.082)**	(753)
Anadolu Etap	**(123.371)**	(80.183)
SSDSD	**(361)**	(882)
TOGG	**(15.580)**	(783)
	(375.738)	(515.224)

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

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

Joint Ventures (cont'd)

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

	December 31, 2019	December 31, 2018
Anadolu Landini		
Total Assets	**122.808**	194.532
Total Liabilities	**128.544**	173.691
Net Assets	**(5.736)**	20.841
Group's share in net assets	**(2.868)**	10.421

	December 31, 2019	December 31, 2018
Revenue	**74.136**	107.498
Net loss	**(26.577)**	(24.864)
Group's share in net loss	**(13.289)**	(12.432)

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

	December 31, 2018
Migros	
Current Assets	4.474.261
Non-Current Assets	6.410.600
Total Assets	10.884.861
Short-Term Borrowings	1.229.090
Other Current Liabilities	5.445.829
Long-Term Borrowings	3.341.007
Other Non-Current Liabilities	233.845
Total Liabilities	10.249.771
Net Assets	635.090
Attributable to:	
Non-controlling interests	2.186
Net assets of the equity holders of the parent	632.904
Group's share in net assets	1.884.617

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

Joint Ventures (cont'd)

	December 31, 2019	December 31, 2018
Revenue	**23.191.364**	18.717.358
Net loss	(491.970)	(835.437)
Non-controlling interests	142	121
Equity holders of the parent	**(492.112)**	(835.558)
Consolidation adjustments	90.050	76.790
Net loss per consolidation as of April 30, 2019	**(402.062)**	(758.768)
Group's share in net loss as of April 30, 2019	**(201.031)**	(379.384)

The movement of carrying value of the joint venture Migros in the consolidated financial statements as of December 31, 2019 and 2018 is as follows:

	December 31, 2019	December 31, 2018
Balance at the beginning of the period	**1.884.617**	2.297.857
Group's share in net loss	**(201.031)**	(379.384)
Treasury shares	**-**	(62.718)
Recorded due to the business combination	**(1.705.328)**	22.468
Group's share in currency translation differences	**21.742**	6.685
Group's share in remeasurement fund	**-**	(291)
Balance at the end of the period	**-**	1.884.617

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

	December 31, 2019	December 31, 2018
Aslancık		
Total Assets	**590.347**	595.008
Total Liabilities	**464.369**	625.619
Net Assets	**125.978**	(30.611)
Fair value adjustment	**(131.625)**	(131.625)
Net assets included in consolidation	**(5.647)**	(162.236)
Group's share in net assets	**(1.882)**	(54.073)

	December 31, 2019	December 31, 2018
Revenue	**139.764**	113.984
Net loss	**(48.072)**	(122.434)
Group's share in net loss of the joint venture	**(16.024)**	(40.807)

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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, 2019	December 31, 2018
LLC Faber-Castell Anadolu		
Total Assets	**796**	16.874
Total Liabilities	**1.406**	17.990
Net Assets	**(610)**	(1.116)
Group's share in net assets (*)	**-**	-

	December 31, 2019	December 31, 2018
Revenue	**3.552**	24.814
Net loss	**(12.774)**	(2.620)
Group's share in net loss of the joint venture	**(6.082)**	(753)

(*) 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, 2019	December 31, 2018
Anadolu Etap		
Total Assets	**808.983**	1.240.684
Total Liabilities	**722.494**	1.061.349
Net Assets	**86.489**	179.335
Group's share in net assets	**62.013**	71.195

	December 31, 2019	December 31, 2018
Net loss	**(172.064)**	(201.976)
Group's share in net loss of the joint venture	**(123.371)**	(80.183)

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NOTE 12 - INVESTMENT PROPERTIES

	December 31, 2019	December 31, 2018
Cost		
Balance as of January 1	**410.851**	405.393
Additions	**95**	6
Disposals (-)	**(32.325)**	(23.672)
Currency translation differences	**57.903**	29.148
Transfers	**8.070**	(24)
Recorded due to the business combination	**32.325**	-
Balance as of December 31	**476.919**	410.851
Accumulated depreciation		
Balance as of January 1	**114.408**	97.452
Depreciation charge for the period (*)	**9.267**	8.726
Disposals (-)	**-**	(4.902)
Currency translation differences	**27.748**	13.132
Transfers	**1.427**	-
Balance as of December 31	**152.850**	114.408
Net book value	**324.069**	296.443

(*) As of December 31, 2019, TRL 4.331 (December 31, 2018: TRL 4.396) of the depreciation expenses has been added to cost of sales, TRL 4.936 (December 31, 2018: TRL 4.330) of the depreciation expenses has been added to other expenses.

As at December 31, 2019 there are mortgages on investment property amounting TRL 659.954 (December 31, 2018: TRL 530.198) 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).

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

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, 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.

As at December 31, 2019, there are mortgages on PP&E amounting TRL 123.699 (December 31, 2018: TRL 120.149) for the loans that CCİ and GUE, the Group's subsidiaries borrowed. As at December 31, 2019, TRL 521.976 of the PP&E is pledged (December 31, 2018: TRL 515.268) for the loans that GUE, the Group's subsidiary borrowed. The GPM position table of the "Commitments" note includes this amount (Note 18).

Çelik Motor and Adel, subsidiaries of the Group, have signed a sales and lease back agreement for property, plant and equipment amounting TRL 32.016 and continued to record these PP&Es by previous net book values assuming no leaseback transactions (December 31, 2018: TRL 42.289).

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

Movements of property, plant and equipment for the year ended on December 31, 2018 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, 2018	716.373	3.119.270	7.260.781	204.012	1.371.923	2.005.359	174.083	178.397	15.030.198
Additions	1.143	7.505	136.994	46.232	197.005	334.269	3.760	932.997	1.659.905
Due to business combination	495	246.338	1.196.685	-	18.001	192.100	-	83.301	1.736.920
Disposals (-)	(6.262)	(13.811)	(226.674)	(67.611)	(92.131)	(269.602)	(4.955)	(221)	(681.267)
Currency translation differences	86.520	600.290	1.378.311	54.988	25.050	378.666	282	97.510	2.621.617
Transfers (*)	4.196	127.245	336.048	4.286	34.131	232.281	9.224	(765.003)	(17.592)
December 31, 2018	802.465	4.086.837	10.082.145	241.907	1.553.979	2.873.073	182.394	526.981	20.349.781
Accumulated depreciation									
January 1, 2018	105.376	726.389	3.625.166	105.658	964.496	1.050.731	93.073	2.721	6.673.610
Depreciation charge for the period (**)	12.409	128.875	747.419	30.244	167.294	432.484	13.626	-	1.532.351
Disposals (-)	(248)	(3.856)	(200.189)	(34.441)	(87.995)	(244.271)	(3.361)	-	(574.361)
Currency translation differences	12.391	107.382	578.721	34.234	13.303	205.401	237	-	951.669
Transfers (*)	-	(200)	164	-	2	34	-	-	-
Impairment/(impairment reversal), net	-	-	9.836	-	-	17.761	-	-	27.597
December 31, 2018	129.928	958.590	4.761.117	135.695	1.057.100	1.462.140	103.575	2.721	8.610.866
Net carrying amount	672.537	3.128.247	5.321.028	106.212	496.879	1.410.933	78.819	524.260	11.738.915

(*) TRL 17.616 of PP&E is transferred to intangible assets, TRL 24 of investment properties is transferred to motor vehicles under PP&E.

(**) Distribution of the depreciation charge for the period is given in Note 25.

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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, 2019, movement of right of use asset is as follows:

	January 1, 2019	Additions	Disposals	Currency translation differences	Transfers	December 31, 2019
Land	26.965	5.596	-	7.964	-	40.525
Buildings	3.496.723	717.659	(330.969)	15.928	-	3.899.341
Machinery and equipment	12.649	17.958	(25)	1.978	-	32.560
Vehicles	14.090	173.179	(38.343)	1.388	-	150.314
Furniture and fixture	5.922	203	(1.054)	92	-	5.163
Other	614	2.203	-	28	-	2.845
Cost	3.556.963	916.798	(370.391)	27.378	-	4.130.748
Land	-	5.604	-	544	-	6.148
Buildings	-	339.267	(16.248)	2.571	-	325.590
Machinery and equipment	-	9.683	(25)	304	-	9.962
Vehicles	-	119.153	(27.541)	513	-	92.125
Furniture and fixture	-	2.745	(1.054)	31	-	1.722
Other	-	807	-	8	-	815
Accumulated depreciation	-	477.259	(44.868)	3.971	-	436.362
Net carrying amount	3.556.963					3.694.386

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NOTE 15 - INTANGIBLE ASSETS

15.1 Other Intangible Assets

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.

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NOTE 15 - INTANGIBLE ASSETS (cont'd)

15.1 Other Intangible Assets (cont'd)

Movements of intangible assets for the year ended on December 31, 2018 are as follows:

	Bottling contracts	License agreements	Brands	Other intangible assets	Total
Cost					
January 1, 2018	8.378.797	1.352.039	426.149	432.925	10.589.910
Additions	-	-	-	110.539	110.539
Recorded due to business combination	-	2.830.298	189.755	13.970	3.034.023
Disposals (-)	-	-	-	(5.390)	(5.390)
Currency translation differences	847.875	484.845	97.914	31.343	1.461.977
Transfers (*)	-	-	-	17.616	17.616
December 31, 2018	9.226.672	4.667.182	713.818	601.003	15.208.675
Accumulated amortization/impairment					
January 1, 2018	-	19.224	-	227.073	246.297
Amortization charge for the period (**)	-	32	-	58.496	58.528
Disposals (-)	-	-	-	(2.661)	(2.661)
Currency translation differences	-	20	7.810	15.182	23.012
Impairment	-	289.233	103.894	-	393.127
December 31, 2018	-	308.509	111.704	298.090	718.303
Net carrying amount	9.226.672	4.358.673	602.114	302.913	14.490.372

(*) TRL 17.616 of PP&E is transferred to other intangible assets.

(**) Distribution of the amortization for the period is given in Note 25.

15.2 Goodwill

Movements of the goodwill for the years ended December 31, 2019 and 2018 are as follows:

	December 31, 2019	December 31, 2018
At January 1	**2.607.085**	1.834.897
Recorded due to business combination (Note 3) (*)	**3.718.968**	535.793
Impairment (Note 27.1)	**(3.369)**	-
Currency translation differences	**611.725**	236.395
Balance at the end of the period	**6.934.409**	2.607.085

(*) 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.

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NOTE 15 - INTANGIBLE ASSETS (cont'd)

As of December 31, 2019 and 2018, operating segment distributions of goodwill are presented below:

	Migros	Beverage	Automotive	Total
2019	**3.718.968**	**3.212.380**	**3.061**	**6.934.409**
2018	-	2.604.024	3.061	2.607.085

NOTE 16 - GOVERNMENT INCENTIVES AND GRANTS

As of December 31, 2019, total investments made for the Group's subsidiary CCİ's Bursa, Elazığ, Köyceğiz, Çorlu, Ankara, Mersin, İzmir and Mahmudiye production line investments under the scope of investment incentives are amounting to TRL 259.308 (December 31, 2018: TRL 205.441) with a total tax advantage of TRL 72.855 (December 31, 2018: TRL 41.209). Tax advantage calculated from the beginning date of the incentives by considering the future advantages is amounting to TRL 3.149 (December 31, 2018: TRL 2.119).

The cash support collected from TUBİTAK in 2019 regarding the R&D activities of Anadolu Isuzu, the subsidiary of the Group, is TRL 544 (December 31, 2018: TRL 485). As of December 31, 2019, Anadolu Isuzu's R&D discount amount due to expenses related to R&D activities to be used for tax calculation is TRL 183.309. 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, 2018: TRL 101.193). 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. According to the investment incentive certificate Anadolu Isuzu has spent a total of TRL 8.689 as of December 31, 2019 and will be able to benefit from the 20% investment incentive and 50% discounted corporate income tax incentive within the framework of Article 32/A of the Corporate Income Tax Law in proportion to the effect of the investment on generated income.

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, 2018: TRL 26.229, deferred tax: TRL 3.934).

NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

17.1 Employee Benefits Obligations

	December 31, 2019	December 31, 2018
Social security and withholding tax liabilities	**119.639**	72.070
Payables to personnel	**139.351**	42.788
	258.990	114.858

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

17.2 Short Term Provision for Employee Benefits

The provisions for employee benefits as of December 31, 2019 and 2018 are as follows:

	December 31, 2019	December 31, 2018
Short-term	**291.061**	130.899
Provision for bonus	**66.519**	47.531
Provision for vacation pay liability	**193.661**	47.866
Other short-term employee benefits	**30.881**	34.848
Provision for employee termination benefits	**-**	654
Long-term	**454.726**	192.358
Provision for employee termination benefits	**443.918**	182.070
Provision for incentive plan	**10.808**	10.288
	745.787	323.257

The movement of provision for bonus is as follows:

	December 31, 2019	December 31, 2018
Balance at January 1	**47.531**	58.784
Charge for the period (net)	**127.254**	117.337
Payments (-)	**(158.861)**	(163.158)
Currency translation differences	**3.837**	11.341
Recorded due to business combination	**46.758**	23.227
Balance at the end of the period	**66.519**	47.531

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

	December 31, 2019	December 31, 2018
Balance at January 1	**182.724**	157.904
Interest expense	**18.694**	5.428
Charge for the period (net)	**120.353**	47.800
Payments (-)	**(59.180)**	(34.079)
Actuarial losses	**22.506**	5.387
Recorded due to business combination	**157.916**	-
Currency translation differences	**905**	284
Balance at the end of the period	**443.918**	182.724

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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, 2019	December 31, 2018
Balance at January 1	**10.288**	9.961
Interest expense	**337**	334
Charge for the period (net)	**13.180**	23.405
Payments (-)	**(12.817)**	(23.412)
Actuarial losses	**(180)**	-
Balance at the end of the period	**10.808**	10.288

Actuarial loss from defined benefit plans, included in other short-term employee benefits and provision for employee termination benefits, amounting to TRL 22.538 was reflected to consolidated statements of other comprehensive income (December 31, 2018: TRL 4.604).

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 6,380/year at December 31, 2019 and TRL 5,434/year December 31, 2018) 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, 2019 and 2018 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, 2019 discount rate (yearly) used in calculations is between 3,72%-4,21% (December 31, 2018: 4,13%-4,46%).

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 6,730 effective from January 1, 2020 (January 1, 2019: TRL 6,018) 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, 2019 and 2018 are as follows:

	December 31, 2019	December 31, 2018
Provision for litigations	**99.666**	18.698
Warranty provisions (*)	**13.223**	11.434
Other provisions	**70.779**	81.901
	183.668	112.033

(*) 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.

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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, 2019	December 31, 2018
Balance at January 1	**11.434**	13.429
Charge for the period (net)	**17.818**	10.433
Payments (-)	**(16.029)**	(12.428)
Balance at the end of the period	**13.223**	11.434

NOTE 18 - COMMITMENTS

As of December 31, 2019 and December 31, 2018 letter of guarantees, pledges and mortgages (GPMs) are as follows:

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

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NOTE 18 - COMMITMENTS (cont'd)

December 31, 2018	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	1.653.340	313.751	181.375	30.877	27	42.879	2.667.000	86.307
B. Total amount of GPMs given in favor of subsidiaries included in full consolidation	933.550	6.360	58.500	85.121	-	-	2.222.331	18.987
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	231.419	14.559	23.704	15.288	-	-	-	-
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	231.419	14.559	23.704	15.288	-	-	-	-
iii. Total amount of GPMs given in favor of third party companies not in the scope of C above	-	-	-	-	-	-	-	-
	2.818.309	334.670	263.579	131.286	27	42.879	4.889.331	105.294

As of December 31, 2019, the ratio of other GPMs over the Group's equity is 0,9% (December 31, 2018: 1,1%).

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, 2019, CCBPL has USD 84 Million sugar purchase commitment to the Banks until the end of March 2020 and has USD 3,2 Million sugar purchase commitment to the Banks until the end of June 2020.

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.

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NOTE 18 - COMMITMENTS (cont'd)

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, 2019, the remaining amount of the related loan is USD 93.736 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, 2019, the balance of the loan is USD 52.272 Thousand and the warranty per the Group is USD 17.424 Thousand (December 31, 2018: USD 71.111 Thousand). The Company, has acted as a guarantor in the proportion of its capital (33,33%) to Aslancık's finance loan amounting to USD 17.218 Thousand. As of December 31, 2019, the balance of the loan is USD 17.218 Thousand and the warranty per the Group is USD 5.739 Thousand.

As of December 31, 2019 the obligation of TRL 14.019 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 14.019 amount is reflected under other current liabilities (December 31, 2018: TRL 12.416). The Share Purchase Agreement was signed with Day Investment Ltd. in 2011 however, there has not yet been any share transfer carried out according to local Turkmenistan regulations and existing shareholder agreement requirements, and accordingly, no payment has been made for the of share purchase.

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, 2018: 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 209.204 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, 2018: TRL 198.020).

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, 2019, there are no defaulting installments (December 31, 2018: 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, 2019, Kartal Gayrimenkul has paid penalty of TRL 859 for delay (December 31, 2018: None).

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NOTE 19 - PREPAID EXPENSES

19.1 Short-term Prepaid Expenses

	December 31, 2019	December 31, 2018
Prepaid expenses	**570.559**	416.100
Advances given	**190.974**	152.752
	761.533	568.852

19.2 Long-term Prepaid Expenses

	December 31, 2019	December 31, 2018
Prepaid expenses	**406.592**	410.447
Advances given	**10.540**	14.758
	417.132	425.205

NOTE 20 - OTHER ASSETS AND LIABILITIES

Other Current Assets

	December 31, 2019	December 31, 2018
Assets used in renting activities	**226.107**	328.683
VAT receivable	**573.394**	601.412
Other current assets	**62.887**	73.885
	862.388	1.003.980

Other Non-Current Assets

	December 31, 2019	December 31, 2018
Assets used in renting activities	**639.710**	1.302.368
VAT receivable and other taxes	**14.976**	16.490
Other non-current assets	**49.876**	18.654
	704.562	1.337.512

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

Movements of assets used in renting activities for the year ended December 31, 2019 and 2018 are as follows:

Assets Used in Renting Activities

	December 31, 2019	December 31, 2018
Cost		
Balance at January 1	**1.631.051**	2.129.345
Additions	38.880	667.207
Disposals	(898.075)	(1.222.522)
Transfers	-	-
Depreciation charge for the period (*)	(33.071)	(63.577)
Revaluation increases	127.032	120.598
Balance at the end of the period	**865.817**	1.631.051

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

20.3 Other Current Liabilities

	December 31, 2019	December 31, 2018
Deferred VAT and other taxes	**148.153**	63.934
Other payables	**58.898**	24.116
Put option liability (Note 18)	**14.019**	12.416
	221.070	100.466

20.4 Other Non-Current Liabilities

	December 31, 2019	December 31, 2018
Put option liability (Note 18)	**209.204**	198.020
Deferred VAT and other taxes	**500**	-
Other	**19.720**	8.355
	229.424	206.375

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NOTE 21 - DEFERRED INCOME

21.1 Short-term Deferred Income

	December 31, 2019	December 31, 2018
Advances taken (*)	**151.959**	391.945
Other deferred income	**113.005**	86.829
	264.964	478.774

(*) TRL 82.512 of the advances taken is the balance received due to pre-sale related to the ongoing housing project that AND Kartal Gayrimenkul, the subsidiary of the Company which operates in real estate, located in Kartal province in İstanbul (December 31, 2018: TRL 323.474 cash).

21.2 Long-term Deferred Income

	December 31, 2019	December 31, 2018
Other deferred income	**18.051**	30.227
	18.051	30.227

NOTE 22 - EQUITY

Share Capital/Adjustments to Share Capital and Equity Instruments

As of December 31, 2019 and 2018 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, 2019 and 2018 are as follows (the amounts are historical):

	December 31, 2019		December 31, 2018	
	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.

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.

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NOTE 22 - EQUITY (cont'd)

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

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.

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 2019 is TRL 1.970.978.

	December 31, 2019	December 31, 2018
Restricted reserves allocated from net profit	**615.970**	909.511
- Legal reserves	**89.844**	89.844
- Gain on sales of real estate and associates (*)	**526.126**	819.667

(*) The Group's gain from sale of real estate and associates amounting TRL 526.126 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.

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NOTE 22 - EQUITY (cont'd)

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

Retained Earnings

As of December 31, 2019 and 2018 the summary of equity reserves, extraordinary reserves, other profit reserves and retained earnings are as follows:

	December 31, 2019	December 31, 2018
Equity reserves	**2.422**	2.422
Extraordinary reserves	**1.918.608**	1.600.425
Other profit reserves	**5.119**	5.119
Prior years' profits or (losses)	**(155.642)**	859.880
	1.770.507	2.467.846

Non-Controlling Interest

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

NOTE 23 - SALES AND COST OF SALES

	December 31, 2019	December 31, 2018
Domestic revenues	**27.509.353**	11.141.416
Foreign revenues	**17.731.070**	12.839.839
Total sales, net	**45.240.423**	23.981.255
Cost of Sales (-)		
Current year purchases and net change in inventory	**26.935.594**	13.055.784
Depreciation and amortization expenses of tangible and intangible assets and assets used in renting activities	**1.192.159**	1.088.813
Personnel expenses	**1.151.281**	795.086
Utilities and communication expenses	**582.057**	428.137
Other expenses	**1.618.921**	932.075
Total Cost of Sales	**31.480.012**	16.299.895
Gross Profit	**13.760.411**	7.681.360

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NOTE 24 - OPERATING EXPENSES

	December 31, 2019	December 31, 2018
General administrative expenses		
Personnel expenses	**1.139.200**	817.155
Consultancy and services rendered expenses	**389.134**	420.746
Depreciation and amortization expenses of tangible and intangible assets and investment properties	**192.479**	107.697
Taxes and duties	**61.578**	63.044
Rent expenses	**50.136**	90.489
Utilities and communication expenses	**40.766**	40.867
Insurance expenses	**21.214**	19.371
Maintenance and repair expenses	**19.224**	13.734
Other expenses	**322.775**	230.248
	2.236.506	1.803.351

	December 31, 2019	December 31, 2018
Marketing expenses		
Personnel expenses	**2.394.969**	801.825
Transportation and distribution expenses	**1.689.790**	1.218.564
Advertisement and promotion expenses	**1.539.747**	1.282.965
Depreciation expenses on tangible and intangible assets	**1.098.132**	458.800
Rent expenses	**388.590**	46.842
Utilities and communication expenses	**315.890**	45.454
Repair and maintenance expenses	**109.549**	50.269
Other expenses	**842.853**	309.215
	8.379.520	4.213.934

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, 2019	December 31, 2018
Depreciation and amortization expenses		
Cost of sales	**1.192.159**	1.088.813
Marketing expenses	**1.098.132**	458.800
General administrative expenses	**192.479**	107.697
Other operating expenses	**5.486**	6.952
Research and development expenses	**1.576**	963
	2.489.832	1.663.225

Depreciation and amortization amounting TRL 4.721 is reflected in construction in progress and TRL (5.985) is reflected in inventories (As of December 31, 2018 respectively: TRL 3.301 and TRL (3.344)).

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NOTE 25 - EXPENSES BY NATURE (cont'd)

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

	December 31, 2019	December 31, 2018
Personnel expenses		
General administrative expenses	**1.139.200**	817.155
Marketing expenses	**2.394.969**	801.825
Cost of sales	**1.025.675**	795.086
Research and development expenses	**1.898**	1.212
	4.561.742	2.415.278

NOTE 26 - OTHER OPERATING INCOME/EXPENSES

26.1 Other Operating Income

	December 31, 2019	December 31, 2018
Foreign exchange gains arising from trading activities	**396.805**	301.611
Interest income on term sales	**121.109**	-
Interest income from operating activities	**54.742**	-
Income from scrap and other materials	**35.146**	51.556
Rent income	**34.242**	24.119
Rediscount gain from trading activities	**16.678**	17.527
Other	**432.674**	300.597
	1.091.396	695.410

26.2 Other Operating Expenses

	December 31, 2019	December 31, 2018
Interest expense on term purchases	**524.994**	**-**
Foreign exchange losses arising from trading activities	**391.335**	389.764
Administrative fines	**71.327**	**-**
Provision for expected credit loss (Note 8)	**47.876**	36.222
Rediscount loss from trading activities	**10.074**	12.963
Depreciation and amortization expense on tangible and intangible assets	**5.486**	6.952
Donations	**4.688**	44.868
Other	**251.110**	145.538
	1.306.890	636.307

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NOTE 27 - INCOME/EXPENSES FROM INVESTING ACTIVITIES

27.1 Income from Investing Activities

	December 31, 2019	December 31, 2018
Re-measurement earnings of previously held shares in the acquired business	**1.185.846**	-
Gain on sale of property, plant and equipment	**576.719**	118.323
Transfer of currency translation differences recognized in other comprehensive expenses in the prior period to the profit of loss statement	**467.516**	169.937
Gain on put option revaluation	**14.384**	-
Rent income	**217**	3.899
Dividend income	**34**	15
Other	**53.614**	-
	2.298.330	292.174

27.2 Expenses from Investing Activities

	December 31, 2019	December 31, 2018
Loss on sale of tangible & intangible assets	**292.133**	36.042
Provision for impairment on intangible assets (Note 15.1)	**64.407**	103.894
Provision for impairment on tangible assets (Note 13)	**36.864**	27.597
Provision for impairment on goodwill (Note 15.2)	**3.369**	-
Losses from leasehold improvements of closed stores	**2.652**	-
Cost of relocating property, plant and equipment	**1.867**	15.706
Other	**4.517**	862
	405.809	184.101

NOTE 28 - FINANCIAL INCOME

	December 31, 2019	December 31, 2018
Foreign exchange gain	**1.128.391**	3.188.014
Interest income	**320.305**	349.713
Derivative transactions income	**13.948**	46.792
Interest income from subleases	**2.319**	**-**
	1.464.963	3.584.519

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NOTE 29 - FINANCIAL EXPENSES

	December 31, 2019	December 31, 2018
Interest expense	**1.827.824**	1.243.994
Foreign exchange loss	**1.483.103**	4.380.608
Interest expense from leases	**371.734**	-
Loss on derivative transactions	**354.173**	17.090
Other expense	**143.355**	70.681
	4.180.189	5.712.373

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 (2018: 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% (2018: 20%) 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.

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, 2019 are calculated with 22% tax rate for the temporary differences which will be realized in 2019 and 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, 2019	December 31, 2018
Current income tax assets	**254.546**	189.152
Income tax payable (-)	**(31.172)**	(18.036)
Net tax (liability)/asset	**223.374**	171.116

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

30.2 Deferred Tax Assets and Liabilities

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

	December 31, 2019	December 31, 2018
Deferred tax asset	**1.087.895**	956.514
Deferred tax liability (-)	**(3.187.488)**	(2.748.763)
Total deferred tax asset/(liability), net	**(2.099.593)**	(1.792.249)

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	**1.003.542**	**123.284**	**1.126.826**
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**	**48.361**	**56.560**
Net deferred tax liability	**(1.792.249)**	**(307.344)**	**(2.099.593)**
Added through business combination	**-**	**120.805**	**-**
Currency translation difference	**-**	**250.146**	**-**
Recognised in other comprehensive income	**-**	**(116.631)**	**-**
	(1.792.249)	**(53.024)**	**(2.099.593)**

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

30.2 Deferred Tax Assets and Liabilities (cont'd)

The movement of net deferred tax liabilities as of the year ended on December 31, 2018 is as follows:

	Balance December 31, 2017	Recorded to profit or loss	Balance December 31, 2018
Property, plant and equipment, intangibles, investment property, assets used in renting activities	(2.180.213)	(1.013.835)	(3.194.048)
Tax losses carried forward	646.038	357.504	1.003.542
Employee termination benefit and other employee benefits	36.566	48.432	84.998
Inventories	73.861	1.181	75.042
Investment incentive	51.827	14.086	65.913
Receivables and payables	28.873	134.291	163.164
Derivative financial instruments	(28.448)	29.389	941
Other	7.573	626	8.199
Net deferred tax liability	(1.363.923)	(428.326)	(1.792.249)
Added through business combination	-	460.051	-
Currency translation difference	-	253.313	-
Recognised in other comprehensive income	-	(299.700)	-
	(1.363.923)	(14.662)	(1.792.249)

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.

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

30.3 Tax Expense

	December 31, 2019	December 31, 2018
Current period tax expense (-)	**(455.738)**	(272.509)
Deferred tax (expense)/income	**(53.024)**	(14.662)
	(508.762)	(287.171)

	December 31, 2019	December 31, 2018
Profit/(loss) before tax from continuing operations	**1.725.659**	(816.308)
Gain (loss) from investments accounted through equity method	**375.738**	515.224
Taxable income	**2.101.397**	(301.084)
Tax ratio used by the parent company 22% (2018: 22%)	**(462.307)**	66.238
Tax ratio of the companies using different ratio	**42.584**	(5.272)
Non-taxable income (-)	**97.327**	15.928
Carry forward tax losses that are not subject to deferred tax	**(1.197)**	(9.818)
Non-deductible expenses	**(342.587)**	(28.456)
Deferred tax effect of translation difference on non-monetary items	**(12.413)**	(37.846)
Effect of business combination	**352.766**	-
Impact of tax base increase regarding law no 7143	**-**	(126.901)
Effect of deferred tax asset on non-recognized income	**-**	(12.459)
Cancellation of tax losses	**(198.569)**	(69.578)
Other	**15.634**	(79.007)
	(508.762)	(287.171)

NOTE 31 - EARNINGS PER SHARE

	December 31, 2019	December 31, 2018
Net (loss) profit - equity holders of the parent	**543.769**	(1.168.151)
Weighted average number of shares	**243.534.518**	243.534.518
- Earnings (Loss) per share from continuing operations (full TRL)	**2,23**	(4,80)
Earnings (Loss) per share (full TRL)	**2,23**	(4,80)

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NOTE 32 - RELATED PARTY BALANCES AND TRANSACTIONS

32.1 Trade and Other Receivables from Related Parties

	December 31, 2019	December 31, 2018
Anadolu Etap [(1)]	**9.722**	4.515
Syrian Soft Drink L.L.C. [(1)]	**6.092**	4.778
Anadolu Eğitim ve Sosyal Yardım Vakfı Sağlık Tes. İkt. İşl. [(3)]	**2.109**	1.371
Anadolu Landini [(1)]	**583**	52.243
LLC Faber-Castell Anadolu (Russia) [(1)]	**237**	1.917
Migros Group Companies [(2)] [(*)]	**-**	207.907
Other	**217**	1.198
	18.960	273.929

[(*)] Migros Group Companies consist of Migros, Kipa Ticaret A.Ş. which merged with Migros as of August 31, 2018, Sanal Merkez Ticaret A.Ş., Ramstore Kazakhstan LLC, Ramstore Macedonıa DOO and Ramstore Bulgarıa E.A.D.

As of December 31, 2019 there is no amount in long term portion of trade receivables from related parties (December 31, 2018: None).

As of December 31, 2019 other short term receivables from related parties amounts to TRL 5.594 (December 31, 2018: 20.595).

As of December 31, 2019 other long term receivables from related parties amounts to TRL 5.766 (December 31, 2018: None).

32.2 Trade Payables to Related Parties

	December 31, 2019	December 31, 2018
Anadolu Etap [(1)]	**1.398**	-
Anadolu Eğitim ve Sosyal Yardım Vakfı [(3)]	**309**	87
Anadolu Efes Spor Kulübü [(3)]	**10**	-
Anadolu Landini [(1)]	**-**	6.142
Migros Group Companies [(2)]	**-**	651
Other	**541**	467
	2.258	7.347

As of December 31, 2019 there is no long term trade payables due to related parties (December 31, 2018: None).

[(1)] A joint venture

[(2)] Includes the amounts for the period when Migros was defined as a joint venture until April 30, 2019.

[(3)] Other

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

32.3 Related Party Transactions

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, 2019, the Group has not provided for any expected credit loss, relating to amounts due from related parties (December 31, 2018: 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.

Significant transactions with related parties during the year ended as of December 31, 2019 and 2018 are as follows:

	December 31, 2019	December 31, 2018
Sales of goods and services, net		
Migros Group Companies [2]	**225.542**	624.434
Anadolu Etap [1]	**7.925**	6.732
Anadolu Efes Spor Kulübü [3]	**4.849**	3.595
Anadolu Eğitim ve Sosyal Yardım Vakfı Sağlık Tes. İkt.İşl. [3]	**3.030**	1.863
Anadolu Landini [1]	**935**	10.383
Other	**1.342**	4.087
	243.623	651.094

	December 31, 2019	December 31, 2018
Purchases of goods, property, plant & equipment and other charges		
Anadolu Efes Spor Kulübü [3]	**110.881**	63.741
Anadolu Etap [1]	**13.344**	-
Anadolu Eğitim ve Sosyal Yardım Vakfı [3]	**4.106**	42.973
Migros Group Companies [2]	**1.677**	7.572
Other	**2.557**	2.354
	132.565	116.640

	December 31, 2019	December 31, 2018
Various sales included in other income (includes dividends received)		
Anadolu Landini [1]	**12.626**	11.298
LLC Faber-Castell Anadolu (Russia) [1]	**200**	293
Migros Group Companies [2]	**98**	454
Other	**1.836**	213
	14.760	12.258

(1) A joint venture

(2) Includes the amounts for the period when Migros was defined as a joint venture until April 30, 2019.

(3) Other

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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, 2019 and 2018 are as follows:

	December 31, 2019	December 31, 2018
Short term benefits provided to key management personnel	**90.502**	95.451
Post-employment benefits	**4.108**	5.719
Total gain	**94.610**	101.170
Social Security employer share	**1.841**	2.256

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, 2019, donations amount to TRL 4.106 (December 31, 2018: TRL 42.973).

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.

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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, 2019 and 2018 details of maximum credit risk exposure and aging of assets overdue but not impaired are stated below:

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 has been renegotiated, otherwise past due or impaired	-	-	-	-	-	-	-
C. Net carrying amount of financial assets past due but 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)	-	241.713	-	-	-	-	-
- Impaired (-)	-	(234.747)	-	-	-	-	-
- 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	-	-	-	-	-	-	-

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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, 2018	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)	273.929	2.757.513	20.595	175.708	5.082.836	186.177	228.315
- Maximum credit risk secured by guarantees	66.023	1.600.356	-	-	-	-	-
A. Net carrying amount of financial assets that are neither past due nor impaired	269.207	2.521.657	20.595	164.526	5.082.836	186.177	228.315
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	4.722	233.448	-	11.182	-	-	-
- Under guarantee	-	81.695	-	-	-	-	-
D. Net carrying amount of financial assets impaired	-	2.408	-	-	-	-	-
- Past due (gross carrying value)	-	134.309	-	-	-	-	-
- Impaired (-)	-	(131.901)	-	-	-	-	-
- Net carrying amount of financial assets under guarantee	-	2.408	-	-	-	-	-
- Not past due (gross carrying value)	-	-	-	-	-	-	-
- Impaired (-)	-	-	-	-	-	-	-
- Net carrying amount of financial assets under guarantee	-	-	-	-	-	-	-
E. Off-balance sheet items which include credit risk	-	-	-	-	-	-	-

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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, 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**	**-**	**-**

December 31, 2018	Trade Receivables	Other Receivables	Deposits
Past due between 1-30 days	160.446	-	-
Past due between 1-3 months	46.416	-	-
Past due between 3-12 months	13.478	-	-
Past due for more than 1 year	13.108	-	-

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, 2018	**Average exchange buying rate in the period**	**Exchange buying rate at December 31, 2019**
USD/TRL	Turkey	5,2609	5,6712	5,9402
EUR/TRL	Turkey	6,0280	6,3481	6,6506

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, a subsidiary 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. Çelik Motor, a subsidiary of the Group, hedges its foreign exchange risk on commitments to provide operational leasing services resulting from off balance sheet foreign currency denominated operating lease receivables (hedged item) with foreign currency denominated loans (hedging instrument). 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.

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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	209.202	35.218	-	-
16b.	Non - monetary other liabilities	5.197	1	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)**	**(12.169.057)**	**(1.027.385)**	**(921.425)**	**61.840**
22.	Total fair value of financial instruments used to manage the foreign currency position	-	-	-	-

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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, 2018		TRL Equivalent (Functional currency)	Thousand USD	Thousand EUR	Other TRL
1.	Trade receivables	157.674	13.633	5.825	40.116
2a.	Monetary financial assets (cash and cash equivalents included)	1.933.158	311.073	34.710	85.871
2b.	Non - monetary financial assets	10.362	-	1.719	-
3.	Other	27.750	1.187	3.547	6.694
4.	Current assets (1+2+3)	2.128.944	325.893	45.801	132.681
5.	Trade receivables	-	-	-	-
6a.	Monetary financial assets	-	-	-	-
6b.	Non - monetary financial assets	-	-	-	-
7.	Other	4.564	201	580	10
8.	Non - current assets (5+6+7)	4.564	201	580	10
9.	Total assets (4+8)	2.133.508	326.094	46.381	132.691
10.	Trade payables	905.327	105.085	34.098	136.216
11.	Short - term borrowings and current portion of long - term borrowings	3.669.836	116.730	506.922	-
12a.	Monetary other liabilities	5.565	199	750	-
12b.	Non - monetary other liabilities	16.655	2.454	373	1.499
13.	Current liabilities (10+11+12)	4.597.383	224.468	542.143	137.715
14.	Trade payables	5.338	-	885	3
15.	Long - term borrowings	7.978.335	1.239.021	242.198	-
16a.	Monetary other liabilities	-	-	-	-
16b.	Non - monetary other liabilities	198.023	37.641	-	-
17.	Non - current liabilities (14+15+16)	8.181.696	1.276.662	243.083	3
18.	Total liabilities (13+17)	12.779.079	1.501.130	785.226	137.718
19.	Off balance sheet derivative items' net asset/(liability) position (19a-19b)	6.089.083	761.079	345.906	-
19a.	Total hedged assets	6.195.353	781.279	345.906	-
19b.	Total hedged liabilities	106.270	20.200	-	-
20.	Net foreign currency asset/(liability) position (9-18+19)	(4.556.488)	(413.957)	(392.939)	(5.027)
21.	Monetary items net foreign currency asset/(liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	(10.473.569)	(1.136.329)	(744.318)	(10.232)
22.	Total fair value of financial instruments used to manage the foreign currency position	-	-	-	-

Information related to export and import as of December 31, 2019 and 2018 are as follows:

	2019	2018
Total Export Amount	**1.439.601**	1.145.926
Total Import Amount	**5.379.972**	4.500.623

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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, 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**

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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, 2018 (*)	
	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	(618.681)	618.681
2- USD denominated hedging instruments(-)	400.396	(400.396)
3- Net effect in USD (1+2)	(218.285)	218.285
Change in the EUR against TRL by 10% +/-:		
4- Euro denominated net asset/liability	(445.374)	445.374
5- Euro denominated hedging instruments(-)	208.512	(208.512)
6- Net effect in Euro (4+5)	(236.862)	236.862
Change in the other foreign currencies against TRL by 10% +/-:		
7- Other foreign currency denominated net asset/liability	(502)	502
8- Other foreign currency hedging instruments(-)	-	-
9- Net effect in other foreign currency (7+8)	(502)	502
TOTAL (3+6+9)	(455.649)	455.649

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

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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 EURO 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). Anadolu Efes paid loan amounting to EURO 50 Million in December 2019, as a result of that, Anadolu Efes has EURO 50 Million as hedging instrument in EURO currency as of December 31, 2019.

As of April 1, 2018, CCİ, the subsidiary of the Group, designated USD 281 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 EURO 87 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 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 632.700 (TRL 474.705- 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 2018: TRL 1.520.855 (TRL 1.192.092 - 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.

The Group manages interest rate risk arising from the interest rate fluctuations on international markets, by using interest rate swap agreement. Total outstanding amount of IRS agreements is USD 43 Million as of December 31, 2019 (December 31, 2018: USD 43 Million).

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, 2019**	December 31, 2018
Financial instruments with fixed interest rate		
Financial assets		
- Time deposits	**7.281.738**	4.271.660
Financial liabilities	**14.857.718**	11.527.925
Financial instruments with floating interest rate		
Financial liabilities	**5.730.930**	4.125.781

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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, 2019, 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, 2020 which is the following reporting period, would be:

	Effect on profit before tax	
Interest Increase	**December 31, 2019**	December 31, 2018
1% increase	**(12.961)**	(10.221)

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, 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	**36.610.966**	**40.810.291**	**13.639.696**	**6.258.659**	**19.455.050**	**1.456.886**
Bank 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	11.489.182	11.491.698	10.276.002	1.204.832	5.174	5.690
Put option liability	223.223	223.223	-	14.019	209.204	-
Employee benefit obligations	258.990	258.990	258.990	-	-	-
Lease liabilities	4.050.923	4.535.562	65.095	544.049	2.965.271	961.147

December 31, 2018

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	20.184.400	22.817.049	6.647.731	5.410.160	7.570.476	3.188.682
Borrowings and financial leasing payables	15.653.706	18.287.235	3.059.924	4.679.496	7.366.253	3.181.562
Trade payable and due to related parties	4.205.400	4.204.520	3.472.949	718.248	6.203	7.120
Put option liability	210.436	210.436	-	12.416	198.020	-
Employee benefit obligations	114.858	114.858	114.858	-	-	-

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

Financial Risk Management Objectives and Policies (cont'd)

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.

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, 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**

	December 31, 2018	Level 1	Level 2	Level 3
Derivative financial assets	186.177	-	186.177	-
Derivative financial liabilities	44.393	-	44.393	-
Put option liability	210.436	12.416	-	198.020

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NOTE 34 - FINANCIAL INSTRUMENTS (cont'd)

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.

Although the Group's functional currency is Turkish Lira, due to a significant portion of lease receivables denominated in foreign currencies, the Group is exposed to currency risk. As lease receivables are represented in Turkish Lira, as a result, changes in exchange rates affect both the Group's net income and financial position.

In accordance with the Group's currency risk strategy, currency risk arising from future operating lease receivables has been hedged with foreign currency loans.

Çelik Motor, a subsidiary of the Group, has started to apply fair value hedge accounting since January 1, 2012. Çelik Motor, a subsidiary of the Group, hedges its foreign exchange risk on commitments to provide operational leasing services resulting from off balance sheet foreign currency denominated operating lease receivables (hedged item) with foreign currency denominated loans (hedging instrument). Fair value changes resulting from the exchange risk of the hedged item has been accounted in "derivative financial instruments" as an asset or liability on the balance sheet, current year fair value changes has been accounted for under foreign exchange gain/losses in "financial income/expense" accounts in the statement of income fair value changes originating from prior periods have been accounted under "revenue".

a) Cross currency swaps

As of December 31, 2019, CCİ, a subsidiary of the Group, has 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 exchange rate exposure in the long term. Spot intrinsic total value of the options under this transaction is TRL 321.030 (December 31, 2018: TRL 219.315).

The Company has started use derivative financial instruments with a cross currency swap contract amounting to EURO 138,5 million due on June 1, 2020, May 12, 2021 and December 20, 2022 for the probability of arising exchange rate exposure in the long term. (December 31, 2018: EURO 25 Million).

b) Currency option contracts

As of December 31, 2019, Anadolu Efes, a subsidiary of the Group has 15 currency option contracts with a total nominal amount of TRL 273.249 designated as hedging instruments in cash flow hedges to foreign currency risk (December 31, 2018: None).

As of 31 December 2019, Anadolu Isuzu, a subsidiary of the Group, has 30 foreign currency options contracts with a nominal value of JPY 1.818.500.326, 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, 2018: None).

c) Interest rate swaps

Efes Breweries International N.V. has executed an interest rate swap agreement on June 8, 2015 in order to mitigate interest rate risk of loan amounting to TRL 255.429 (equivalent of USD 43 Million) with maturity of January 6, 2020 and variable interest rate (December 31, 2018: TRL 226.219).

Migros has executed an interest rate swap transaction amounting to TRL 325 Million in order to mitigate interest rate risk of loan amounting to TRL 596 Million with maturities of July-October 2020 and February-July-December 2021 (December 31, 2018: TRL 75 Million).

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NOTE 34 - FINANCIAL INSTRUMENTS (cont'd)

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

d) Commodity swap contracts

As of December 31, 2019, CCİ has 14 sugar swap transactions with a total nominal amount of TRL 4.545 for 2.169 tones. 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 commodity price risk for the 2020 as of September 30, 2019 and October 3, 2019 (December 31, 2018: TRL 153.639, 14.234 tones, 4 aluminium swap).

As of December 31, 2019, Anadolu Efes, a subsidiary of the Company has 33 commodity swap and 12 commodity option contracts with a total nominal amount of TRL 34.856 (December 31, 2018: TRL 18.656) for 3.235 tonnes of aluminium. The total of these aluminium contracts is designated as hedging instruments in cash flow hedges related to forecasted cash flow, for the highly probable purchases of production materials exposed to commodity price risk.

As of December 31, 2019, EBI N.V. has 24 commodity option contracts with a total nominal amount of TRL 9.969 for 942 tonnes of aluminium (December 31, 2018: None).

e) Currency forwards

As of December 31, 2019, CCBPL has FX forward transactions with a total nominal amount of TRL 27.443, for a forward purchase contract amounting to CNY 31,9 million for 5.016 tonnes. The total of these FX forward contracts is designated as cash flow hedges related to forecasted cash flow, for the high probability purchases of resin, exposed to foreign currency risk.

As of December 31, 2019, CCBPL has FX forward transactions, dated October 9, 2019 with a total nominal amount of TRL 108.028, for a forward purchase contract amounting USD 18 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.

As of December 31, 2019, CCİ holds a derivate financial instrument of option contracts signed on November 29, 2019 for protection against cash flow risk, with a total nominal amount of USD 24 Million, due December 1, 2020. Total option value of this hedge transaction is TRL 2.557 and total nominal value is TRL 142.565 (December 31, 2018: currency forward with a nominal value TRL 100.492 and amounting to USD 2 Million and EUR 15 Million).

Migros, a subsidiary of the Group, does not have any derivative financial instruments in order to avoid currency risk. (December 31, 2018: EURO 40 Million).

As of December 31, 2019, Adel, a subsidiary of the Group, has a foreign exchange forward transaction amounting to USD 9.181.000 with a nominal value of TRL 54.537 (December 31, 2018: USD 20.200.000 with forward participation with a nominal value of TRL 106.270).

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2019

(Currency - Thousands of Turkish Lira (TRL) unless otherwise indicated)
(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish)

NOTE 34 - FINANCIAL INSTRUMENTS (cont'd)

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

Currency forwards (cont'd)

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

		December 31, 2019		December 31, 2018	
		Fair values		Fair values	
	Contract amount	**Assets**	**Liabilities**	Assets	Liabilities
Derivatives held for hedging:					
Receivables from operating leases	**92.824**	**38.475**	**-**	139.167	-
Cross currency swaps	**746.327**	**-**	**14.958**	44.263	-
Interest rate swaps	**530.429**	**61**	**28.173**	2.747	-
Commodity swap transactions	**49.370**	**931**	**-**	-	13.485
Currency option	**371.977**	**442**	**9.656**	-	-
Currency forward transactions	**459.308**	**8.791**	**3.705**	-	27.552
Currency swap transactions	**-**	**-**	**-**	-	3.356
	2.250.235	**48.700**	**56.492**	186.177	44.393
Short term		**42.109**	**15.163**	102.996	41.037
Long term		**6.591**	**41.329**	83.181	3.356
		48.700	**56.492**	186.177	44.393

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, 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**	**581.747**	**7.386.647**	**171.324**

	December 31, 2018			
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	(6.654)	6.364.209	143.463

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2019

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(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish)

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, 2019	December 31, 2018
Current assets	12.683.956	10.354.695
Non-current assets	33.272.519	29.080.495
Total assets	**45.956.475**	39.435.190
Short-term borrowings	2.166.024	2.355.115
Other current liabilities	7.403.591	5.550.743
Long-term borrowings	7.937.966	6.873.565
Other non-current liabilities	4.275.482	3.527.723
Total liabilities	**21.783.063**	18.307.146
Net assets	**24.173.412**	21.128.044
Attributable to:		
Non-controlling interests	11.203.005	9.952.962
Net assets of the equity holders of the parent	**12.970.407**	11.175.082

Summary consolidated statement of profit or loss:	**Anadolu Efes**	Anadolu Efes
	December 31, 2019	December 31, 2018
Revenue	23.313.811	18.689.686
Net income	1.295.937	98.886
Non-controlling interests	274.433	110.570
Equity holders of the parent	**1.021.504**	(11.684)

Summary cash flow:	**Anadolu Efes**	Anadolu Efes
	December 31, 2019	December 31, 2018
Cash flows from operating activities	4.157.114	2.818.246
Cash flows used in investing activities	(1.526.174)	(1.372.787)
Cash flows used in financing activities	(1.489.217)	(4.115.991)
Effect of currency translation differences	(101.957)	2.027.706
Net increase in cash and cash equivalents	**1.039.766**	(642.826)
Cash and cash equivalent at the beginning of the period	4.756.359	5.399.185
Total cash and cash equivalent at the end of the period	**5.796.125**	4.756.359

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2019

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(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish)

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, 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**	**(246.056)**	**160.602**	**-**

Summary financial information for the related subsidiary is presented below:

Summary consolidated statement of financial position:	**Migros**
	December 31, 2019
Current assets	5.276.923
Non-current assets	9.183.952
Total assets	**14.460.875**
Short-term borrowings	962.854
Other current liabilities	6.581.164
Long-term borrowings	3.440.185
Other non-current liabilities	3.153.804
Total liabilities	**14.138.007**
Net assets	**322.868**
Attributable to:	
Non-controlling interests	1.665
Net assets of the equity holders of the parent	**321.203**

Summary consolidated statement of profit or loss:	**Migros**
	December 31, 2019
Revenue	23.191.364
Net loss	(491.970)
Non-controlling interests	142
Equity holders of the parent	**(492.112)**

Summary cash flow:	**Migros**
	December 31, 2019
Cash flows from operating activities	2.164.935
Cash flows from investing activities	128.773
Cash flows used in financing activities	(1.720.562)
Effect of currency translation differences	4.647
Net increase in cash and cash equivalents	**577.793**
Cash and cash equivalent at the beginning of the period	1.750.516
Total cash and cash equivalent at the end of the period	**2.328.309**

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2019

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NOTE 36 - EVENTS AFTER THE REPORTING PERIOD

1) As of January 27, 2020, Credit rating agency Saha Kurumsal Yönetim ve Kredi Rating Hizmetleri A.Ş. determined the Company's long-term (National) credit rating (TR) AAA, short-term (National) credit rating (TR) A1 + and the outlook as stable.
2) An Extraordinary General Assembly Meeting of the Company was held on February 21, 2020, and it was decided to authorize the Board of Directors of the Company for 15 months in terms of issuing debt instruments, conducting issuance transactions, determining the terms and conditions of the issue and determining all other issues related to issuance. In the special case announcement of the Company on February 25, 2020, the Company's Board of Directors decided to issue a debt instrument in Turkish Lira up to TRL 1.000.000, and to request an approval of the issuance documents to the Capital Markets Board within this scope and reported that the company management is authorized. An application was made to the Capital Markets Board on February 27, 2020 in this regard.
3) As mentioned in the special case announcement dated May 6, 2019, about Anadolu Restoran İşletmeleri Ltd. ("McDonald's", "Anadolu Restoran") subsidiary of the Company, an investment bank or an intermediary institution was authorized to search for strategic alternatives and to meet with third parties when necessary. In this context, as of the current situation, negotiations have been completed and a share transfer agreement has been signed on January 30, 2020 in order to sell the shares representing 100% of Anadolu Restaurant capital to Birlesik Holding Limited. The transfer of shares will be completed after obtaining the permissions from the public authorities and institutions, and is expected to be finalized in the first quarter of 2020.

   According to the share transfer agreement, the value of Anadolu Restaurant is determined as TRL 280.739. After the approval of the Competition Authority, the share will be transferred and will be shared with the public.
4) As presented in KAP declarations dated January 21, 2020, CCİ held preliminary discussions with The Coca-Cola Company (TCCC) to revisit the sales and distribution model of Dogadan brand, the non-ready to drink tea in CCI's portfolio. Dogadan is produced within the TCCC system while sales and distribution procedures are performed by CCI in Turkey and Azerbaijan according to Sales and Distribution agreement which was signed in 2008. Based on board of directors' decision held on January 21, 2020, Group's management were authorized to finalize the negotiations. Financially, Group's consolidated net sales revenue and consolidated EBITDA consist of 0,5% and 0,1% Doğadan's contribution respectively.
5) Efes Breweries International N.V.'s loan agreement with USD 43 Million amount, whose maturity date was January 6, 2020, has been terminated together the interest rate swap signed on June 8, 2015 in order to mitigate interest rate risk.

Other Information

DECLARATION OF INDEPENDENCE BY INDEPENDENT BOARD MEMBERS

I hereby declare that, with respect to AG Anadolu Grubu Holding A.Ş. (the Company);

- No employment relationship has been established during the last five years between me, my spouse and my relatives by blood or marriage up to second degree and the company, partnerships which the company controls the management of or has material influence over or shareholders who control the management of or have material influence over the company and legal entities which these shareholders control the management of, which has caused me to assume important duties and responsibilities in an executive position nor have I/we individually or jointly held more than 5% of the capital or voting rights or privileged shares in or established a material business relationship with the same,

- I was not a shareholder of (5% and more) nor held an executive position which would cause me to assume important duties and responsibilities or officiated as a board member, during the last five years, in any company from or to which the company purchases or sells a substantial quantity of services or products based on agreements made, during the periods these services or products were sold or purchased including especially those companies which carry out audit (including tax audits, legal audits, internal audits), rating and consultancy services for the company,

- I have the professional education, knowledge and experience necessary to duly carry out the duties which I shall assume due to my position as an independent board member,

- I am not a full time employee with any public entity or organization following my election as a member with the exception of employment as a university professor provided that such employment is in compliance with the laws and regulations that are applicable to universities,

- I am assumed to be a resident in Turkey in accordance with the Income Tax Law dated 31.12.1960, numbered 193,

- I have strong ethical standards, professional reputation and experience that shall allow me to contribute positively to the activities of the company, maintain partiality in conflicts of interests between the company and its shareholders and decide freely by taking into account the rights of beneficiaries;

- I am able to dedicate a sufficient amount of time to the affairs of the company in a manner to follow up the conduct of company activities and duly perform the duties I have assumed,

- I did not officiate as a board member at the board of directors of the company for longer than 6 years during the last ten years,

- I am not officiating as an independent board member with more than three of the companies which the company controls or shareholders that control the management of the company control the management and in total more than five of the companies which are traded on the stock exchange and that therefore, I will serve in my position as a member of the Company's Board of Directors as an independent board member,

- I have not been registered and announced as a board member representing the legal entity for which I will be elected.

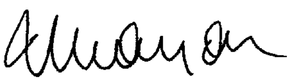
Ali Galip Yorgancıoğlu, 03.02.2020

Other Information

DECLARATION OF INDEPENDENCE BY INDEPENDENT BOARD MEMBERS

I hereby declare that, with respect to AG Anadolu Grubu Holding A.Ş. (the Company);

- No employment relationship has been established during the last five years between me, my spouse and my relatives by blood or marriage up to second degree and the company, partnerships which the company controls the management of or has material influence over or shareholders who control the management of or have material influence over the company and legal entities which these shareholders control the management of, which has caused me to assume important duties and responsibilities in an executive position nor have I/we individually or jointly held more than 5% of the capital or voting rights or privileged shares in or established a material business relationship with the same,
- I was not a shareholder of (5% and more) nor held an executive position which would cause me to assume important duties and responsibilities or officiated as a board member, during the last five years, in any company from or to which the company purchases or sells a substantial quantity of services or products based on agreements made, during the periods these services or products were sold or purchased including especially those companies which carry out audit (including tax audits, legal audits, internal audits), rating and consultancy services for the company,
- I have the professional education, knowledge and experience necessary to duly carry out the duties which I shall assume due to my position as an independent board member,
- I am not a full time employee with any public entity or organization following my election as a member with the exception of employment as a university professor provided that such employment is in compliance with the laws and regulations that are applicable to universities,
- I am assumed to be a resident in Turkey in accordance with the Income Tax Law dated 31.12.1960, numbered 193,
- I have strong ethical standards, professional reputation and experience that shall allow me to contribute positively to the activities of the company, maintain partiality in conflicts of interests between the company and its shareholders and decide freely by taking into account the rights of beneficiaries;
- I am able to dedicate a sufficient amount of time to the affairs of the company in a manner to follow up the conduct of company activities and duly perform the duties I have assumed,
- I did not officiate as a board member at the board of directors of the company for longer than 6 years during the last ten years,
- I am not officiating as an independent board member with more than three of the companies which the company controls or shareholders that control the management of the company control the management and in total more than five of the companies which are traded on the stock exchange and that therefore, I will serve in my position as a member of the Company's Board of Directors as an independent board member,
- I have not been registered and announced as a board member representing the legal entity for which I will be elected.



Uğur Bayar, 03.02.2020

DECLARATION OF INDEPENDENCE BY INDEPENDENT BOARD MEMBERS

I hereby declare that, with respect to AG Anadolu Grubu Holding A.Ş. (the Company);

- No employment relationship has been established during the last five years between me, my spouse and my relatives by blood or marriage up to second degree and the company, partnerships which the company controls the management of or has material influence over or shareholders who control the management of or have material influence over the company and legal entities which these shareholders control the management of, which has caused me to assume important duties and responsibilities in an executive position nor have I/we individually or jointly held more than 5% of the capital or voting rights or privileged shares in or established a material business relationship with the same,
- I was not a shareholder of (5% and more) nor held an executive position which would cause me to assume important duties and responsibilities or officiated as a board member, during the last five years, in any company from or to which the company purchases or sells a substantial quantity of services or products based on agreements made, during the periods these services or products were sold or purchased including especially those companies which carry out audit (including tax audits, legal audits, internal audits), rating and consultancy services for the company,
- I have the professional education, knowledge and experience necessary to duly carry out the duties which I shall assume due to my position as an independent board member,
- I am not a full time employee with any public entity or organization following my election as a member with the exception of employment as a university professor provided that such employment is in compliance with the laws and regulations that are applicable to universities,
- I am assumed to be a resident in Turkey in accordance with the Income Tax Law dated 31.12.1960, numbered 193,
- I have strong ethical standards, professional reputation and experience that shall allow me to contribute positively to the activities of the company, maintain partiality in conflicts of interests between the company and its shareholders and decide freely by taking into account the rights of beneficiaries;
- I am able to dedicate a sufficient amount of time to the affairs of the company in a manner to follow up the conduct of company activities and duly perform the duties I have assumed,
- I did not officiate as a board member at the board of directors of the company for longer than 6 years during the last ten years,
- I am not officiating as an independent board member with more than three of the companies which the company controls or shareholders that control the management of the company control the management and in total more than five of the companies which are traded on the stock exchange and that therefore, I will serve in my position as a member of the Company's Board of Directors as an independent board member,
- I have not been registered and announced as a board member representing the legal entity for which I will be elected.

Fatma Aslı Başgöz, 03.02.2020

Other Information

DECLARATION OF INDEPENDENCE BY INDEPENDENT BOARD MEMBERS

I hereby declare that, with respect to AG Anadolu Grubu Holding A.Ş. (the Company);

- No employment relationship has been established during the last five years between me, my spouse and my relatives by blood or marriage up to second degree and the company, partnerships which the company controls the management of or has material influence over or shareholders who control the management of or have material influence over the company and legal entities which these shareholders control the management of, which has caused me to assume important duties and responsibilities in an executive position nor have I/we individually or jointly held more than 5% of the capital or voting rights or privileged shares in or established a material business relationship with the same,
- I was not a shareholder of (5% and more) nor held an executive position which would cause me to assume important duties and responsibilities or officiated as a board member, during the last five years, in any company from or to which the company purchases or sells a substantial quantity of services or products based on agreements made, during the periods these services or products were sold or purchased including especially those companies which carry out audit (including tax audits, legal audits, internal audits), rating and consultancy services for the company,
- I have the professional education, knowledge and experience necessary to duly carry out the duties which I shall assume due to my position as an independent board member,
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- I am assumed to be a resident in Turkey in accordance with the Income Tax Law dated 31.12.1960, numbered 193,
- I have strong ethical standards, professional reputation and experience that shall allow me to contribute positively to the activities of the company, maintain partiality in conflicts of interests between the company and its shareholders and decide freely by taking into account the rights of beneficiaries;
- I am able to dedicate a sufficient amount of time to the affairs of the company in a manner to follow up the conduct of company activities and duly perform the duties I have assumed,
- I did not officiate as a board member at the board of directors of the company for longer than 6 years during the last ten years,
- I am not officiating as an independent board member with more than three of the companies which the company controls or shareholders that control the management of the company control the management and in total more than five of the companies which are traded on the stock exchange and that therefore, I will serve in my position as a member of the Company's Board of Directors as an independent board member,
- I have not been registered and announced as a board member representing the legal entity for which I will be elected.

M. Ercan Kumcu

Mehmet Ercan Kumcu, 03.02.2020

LEGAL AND OTHER INFORMATION ABOUT ACTIVITIES

1. Trade Registry Information

Trade Name: AG Anadolu Grubu Holding A.Ş.
Mersis (Central Registration System) No.: 0-9450 0453-3100015
Trade Registry No.: 143399/90907
Date of Incorporation: 30 December 1976
Head Office Address: Fatih Sultan Mehmet Mah. Balkan Cad. No: 58 Buyaka E Blok Tepeüstü Ümraniye/İstanbul
Head Office Contact No.: (216) 578 85 00
Website Address: www.anadolugrubu.com.tr

2. Amendments to the Articles of Association

None.

3. Capital Structure

The Company's paid-in capital is TRL 243,534,518 as at 31 December 2019. Out of the Company's capital, TRL 194,827,614 consists of Group A shares, and TRL 48,706,904 consists of Group B shares. Information about voting rights and privileged shares are presented on pages 6 and 7 of our annual report.

The Company distributed 25.00% cash dividends out of the 2014 profit in 2015, 6.25% cash dividends out of the 2015 profit in 2016, 28.125% cash dividends out of the 2016 profit in 2017, and additional cash dividends at the ratio of 32.50% at year-end 2017. The Company distributed 10.27% cash dividends in 2018 and in 2019.

4. Organizational Structure

The organization chart and the resumés of the executives named therein are presented on pages 23 and 29 of our annual report.

5. Information about the Governing Body, Senior Executives and Employees

Information about the Company's Board of Directors is presented on pages 18 and 22 of the Annual Report.

Remuneration, benefits and similar interests provided to the Board of Directors members and senior executives are provided under the related section of the Corporate Governance Principles Compliance Report and additionally, under note no. 32 of the Consolidated Financial Statements.

Total number of employees as at 31 December 2019 is 56,950 on consolidated basis (31 December 2018: 24,922) and 128 on an unconsolidated basis (31 December 2018: 131).

Other Information

6. Financial Condition

Analysis, summary and key ratios pertaining to the Company's consolidated financial results as at 31 December 2019 are presented on pages 104 to 117 of the Annual Report.

In 2019, the Company booked a dividend income in the amount of TRL 147,314,693 from its subsidiaries and associates.

	TRL
Anadolu Efes Biracılık ve Malt San. A.Ş.	129,456,211
Adel Kalemcilik Ticaret ve Sanayi A.Ş.	11,383,012
Ülkü Kırtasiye Ticaret ve Sanayi A.Ş.	2,551,645
Oyex Handels GmbH	2,418,784
AEH Sigorta Acenteliği A.Ş.	1,500,000
Coca-Cola İçecek A.Ş.	5,041
Total	**147,314,693**

The Company management predicts that the robust and regular cash flow of the Company's financial structure will allow the Company to cover all of its obligations; the capital did not remain uncovered nor the Company is overindebted. In this framework, the Company's financial structure is sufficiently healthy, and does not require improvement.

The Company's Dividend Policy is presented under the relevant section of the Corporate Governance Principles Compliance Report of the Annual Report.

7. Production and Sales

In 2019, the Company booked TRL 82,210,498 in consultancy income.

8. Research & Development

The Company does not have any R&D activities or investments, nor does it have an R&D policy.

9. Investment Expenses

The Company incurred TRL 437,666 in investment expenses during 2019.

10. Donations

The Company's donations during 2019 amounted to TRL 4,687,797 on a consolidated basis and TRL 8,250 on an unconsolidated basis.

11. Affiliated Company Report

The "Affiliated Company Report" describing our relations with our controlling shareholder that the Company's Board of Directors is obliged to prepare under Article 199 of the Turkish Commercial Code has been approved at the Board of Directors meeting held on 4 March 2020, and its conclusion part is quoted hereinbelow:

"It has been concluded that AG Anadolu Grubu Holding A.Ş. did not engage in any transaction with its controlling shareholders or subsidiaries thereof at the instruction of the controlling company or with the intent to obtain results that would be to the benefit of exclusively to the controlling company or a company affiliated thereto, nor is there any action taken or avoided to the benefit of the controlling company or a company affiliated thereto; also according to the conditions and circumstances known to us, a counter-performance on arm's length was provided in all transactions the Company carried out in 2019 with its controlling shareholder or subsidiaries thereof so as to ensure continuation of the operation in a competitive manner at the market conditions prevailing at the time the transaction was performed. Furthermore, there were no actions taken or avoided to the benefit of the controlling shareholder in AG Anadolu Grubu Holding A.Ş. or subsidiaries thereof that might cause loss to the Company and hence, there are no transactions or actions that would require offsetting."

12. Other Information

This section covers our explanations regarding other matters that are required to be included in the Annual Report pursuant to the TCC other than those listed above.

- At the Company's Ordinary General Assembly, the Board of Directors members were authorized under Articles 395 and 396 of the Turkish Commercial Code no. 6762 with respect to prohibition of doing business and competing with the Company. In the related fiscal year, the Board members did not do business nor did they compete with the Company.
- Information about the Company's direct and indirect subsidiaries and shareholding interests is provided in "Note 1 - Organization and Nature of Activities of the Group".
- The Company did not repurchase its own shares during the reporting period.
- The Company did not undergo any special audit during the fiscal year.
- As at 31 December 2019, there are no lawsuits filed against the Company, which might negatively affect the Company's financial condition and activities.
- There are no administrative or judicial sanctions imposed against the Company or the Board of Directors members on account of violation of regulatory provisions.
- Information about the Company's internal control and internal audit activities, risk management policy and the Committee for Early Detection of Risks is provided under the related sections within the Corporate Governance Principles Compliance Report of the Annual Report.
- The Company's Ordinary General Assembly convened on 6 May 2019, and all of the resolutions adopted at the meeting have been implemented.
- During the reporting period, no extraordinary General Assembly meeting was held in 2018.
- Significant events that took place following the end of the fiscal year are described under note 36 of Consolidated Financial Statements.

Directory

Anadolu Group

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