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## ANADOLU EFES

Celebrating its 50<sup>th</sup> anniversary, Anadolu Efes is Europe's 5<sup>th</sup> and the world's 10<sup>th</sup> largest brewer by production volume. The company serves a population of close to 700 million with beer and soft drinks brands in its portfolio.

Anadolu Efes will continue to brew joy with its commitment to sustainable leadership by building a system of values around passion, collaboration, fairness, accountability and agility in line with the vision of being the largest brewer from Adriatic to China by developing and owning social life and beer culture.

## ANADOLU EFES IN BRIEF

Celebrating its 50<sup>th</sup> anniversary in 2019, Anadolu Efes contributed to the development of the market by cultivating the beer culture in Turkey.

>70 countries  
Anadolu Efes ships its products to more than 70 countries

~2/3  
Anadolu Efes makes about two-thirds of its net sales in international markets.

Established in 1950 by Yazıcı and Özilhan families, Anadolu Group carries its existence to the future in the light of its vision of becoming a “Star that connects Anatolia to the World and the World to Anatolia”. The Group operates in 19 countries, with almost 80 companies, 66 manufacturing facilities and over 80 thousand employees. Group’s sales revenue in 2019 was TL 51.7 million.

In line with its objectives of developing partnerships with the largest companies in the world and developing branded consumer products with its commitment to globalization and partnership culture as a regional player abroad, Anadolu Group continues its rapid and healthy growth by creating added value for Turkey.

Anadolu Group conducts its business in a wide-range area including beer, soft drinks, retail, agriculture, automotive, stationery, fast food, real estate and energy fields.

Within the framework of social responsibility concept; Anadolu Group continues, with a sensitive approach, to contribute to the society in the areas of education, health and sports through Anadolu Foundation, Anadolu Health Center and Anadolu Efes Sports Club.

Anadolu Efes started its journey in 1969 with two breweries established in İstanbul and İzmir. Becoming the market leader shortly, Anadolu Efes contributed to the development of the market by cultivating the beer culture in Turkey. With its strong vision, Anadolu Efes introduced many “firsts” to the consumers and became the largest brewer in Turkey shortly. The company took an important step by expanding abroad in 1990s. Regarding the international operations, Anadolu

Efes took another important step aimed at commercial sustainability in the global market in 2012 and formed a strategic alliance with SABMiller Plc (“SABMiller”). In 2016, following the acquisition of SABMiller by Anheuser-Busch InBev (“AB InBev”), world’s largest brewer, AB InBev became the holder of 24% stake in Anadolu Efes.

Anadolu Efes runs its international beer operations through Efes Breweries International NV (“EBI”), its 100% subsidiary based in Netherlands. Anadolu Efes is also the main shareholder of Coca-Cola İçecek A.Ş. (“CCI”), which runs Coca-Cola operations in Turkey and abroad.

Making about two-thirds of its net sales in international markets, Anadolu Efes is Europe’s 5<sup>th</sup> and the world’s 10<sup>th</sup> largest brewer\* by production volume. The company serves a population of close to 700 million with beer and soft drinks brands in its portfolio. With 21 breweries, 5 malteries, 1 hops processing facility and 1 preform plant in 6 countries, and 26 bottling plants in 10 countries, including Turkey among others, Anadolu Efes is operating as one of the most important players in its region. The company ships its products to more than 70 countries.

Anadolu Efes, in its 50<sup>th</sup> anniversary; will continue to brew joy with its commitment to sustainable leadership by building a system of values around passion, collaboration, fairness, accountability and agility in line with the vision of being the largest brewer from Adriatic to China by developing and owning social life and beer culture. Creating financial discipline and strong free cash flow will continue to be the financial priorities of Anadolu Efes.

\* The Barthe Report 2018/2019

## CAPITAL AND SHAREHOLDER STRUCTURE

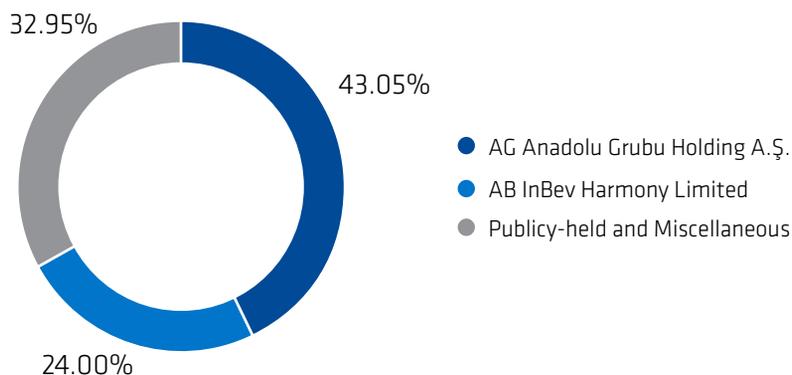
As one of the largest listed companies by market capitalization on Borsa İstanbul ("BİST"), Anadolu Efes' shares received above average interest by the international institutional investors since the shares began trading in 2000. At the same time, in terms of foreign ownership in free float, Anadolu Efes has one of the highest shares.

The Company's share capital is comprised of 592,105,263 shares each with a nominal value of 1 TRL. 142,105,263 of the shares

are registered to and owned by AB InBev Harmony Limited, while 450,000,000 of the shares are bearer shares.

Within the framework of the Level 1 American Depository Receipts ("ADR") program (AEBZY/Cusip No: 032523201), Anadolu Efes shares can be traded by foreign individual investors as well as by institutional investors in over-the-counter markets.

Anadolu Efes is one of the largest listed companies in terms of foreign ownership in free-float.

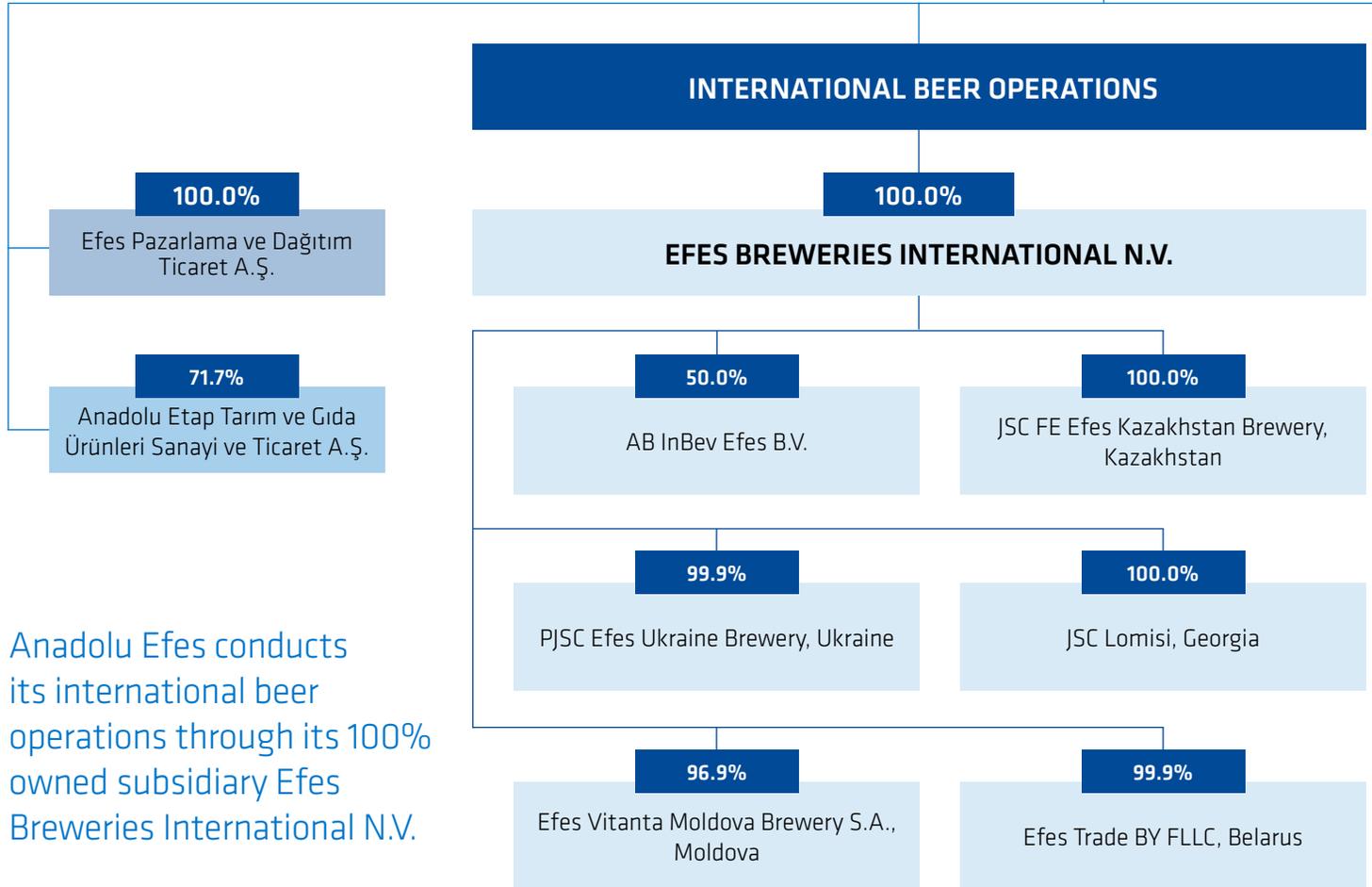


31 DECEMBER 2019	SHARE AMOUNT (TRL)	SHARE RATIO (%)
AG Anadolu Grubu Holding A.Ş.	254,891,157	43.05
AB InBev Harmony Limited	142,105,263	24.00
Publicly-held and Others	195,108,843	32.95
Total Issued Capital	592,105,263	100.00

1 JANUARY - 31 DECEMBER 2019	LOWEST	HIGHEST	AVERAGE	31 DECEMBER 2018	31 DECEMBER 2019	CHANGE (%)
Closing Price (TRL)	17.3	25.6	20.8	20.6	23.08	12%
Market Value (TRL Million)	10,243	15,158	12,316	12,197	13,666	12%
BIST-100	83,675	114,754	99,361	91,270	114,425	25%

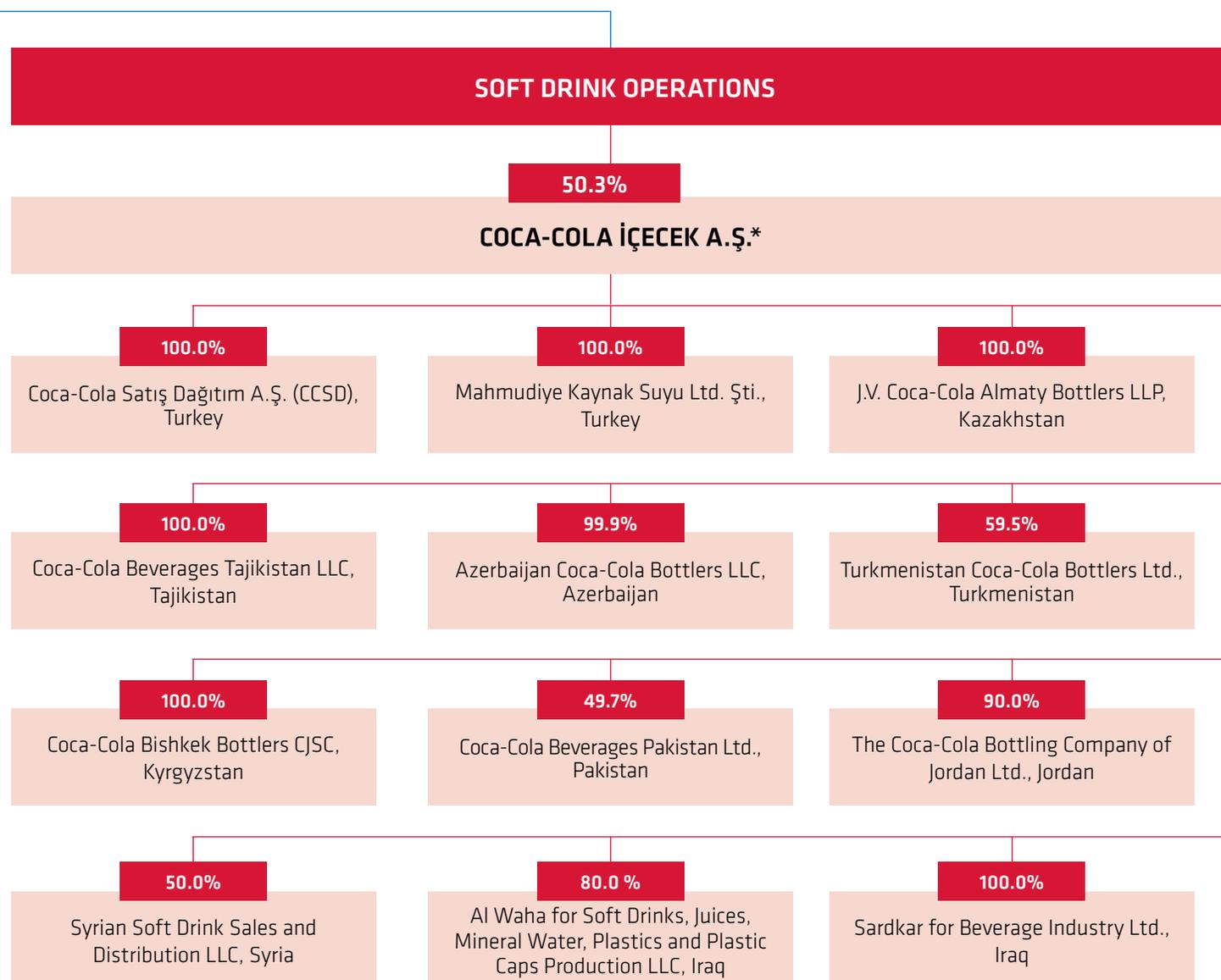
# ANADOLU EFES SUBSIDIARIES

## ANADOLU EFES BİRACILIK VE MALT SANAYİİ A.Ş. (TURKEY BEER OPERATIONS)



Anadolu Efes conducts its international beer operations through its 100% owned subsidiary Efes Breweries International N.V.

Anadolu Efes is also the main shareholder of Coca-Cola İçecek A.Ş., which runs Coca-Cola operations in Turkey and abroad.



\* Direct and indirect shareholding as of 31 December 2019.

## MILESTONES BEER GROUP

The first beer production started in 1969 with two facilities under the brand name of “Efes Pilsen”.

### 1969

The first beer production started with two facilities under the brand name of “Efes Pilsen”.

### 1970, 1980, 1990

One hops processing facility, two malteries, and two new breweries were established.

### 1986

Efes Pazarlama was established to conduct sales, distribution, and marketing operations in Turkey. The first canned beer of Turkey was produced.

### 1996

Started operations in the Kazakhstan beer market after the acquisition of Karagandi Brewery through privatization.

### 1998

Efes Breweries International N.V. was founded. Acquired the assets and the “Marmara” brand of Toros Biracılık.

### 1999

Started production in Russia at the first modern brewery established in Moscow and launched the “Sary Melnik” brand.

### 2000

The group's four publicly traded beer and malt companies merged under “Anadolu Efes”. Started brewing “Miller Genuine Draft (MGD)”, under licence in Istanbul. Thus, premium segment in Turkish beer market was created.

### 2002

Signed a license agreement with Interbrew for the production, marketing and distribution of “Beck's” brand in Turkey. Level-1 American Depositary Receipts (“ADRS”) of Anadolu Efes started trading.

### 2003

Started operating in Moldovan beer market after the acquisition of Vitanta Intravest S.A. Brewery. Started production in 2 new breweries in Russia and 1 new brewery in Kazakhstan.

### 2005

Introduced the first draft beer in a keg-shaped bottle in the world.

### 2006

Acquired Krasny Vostok Brewing Group, seventh largest brewer, in Russia.

### 2008

Started operations in the Georgian beer market after acquiring 100% of Lomisi Ltd., the leading brewer in Georgia

### 2010

Started licensed production of “Efes Pilsener” brand in Germany to be sold by Efes Deutschland GMBH, 100% subsidiary of Anadolu Efes.

### 2011

SABMiller and Anadolu Efes signed a strategic alliance agreement.

### 2012

Anadolu Efes acquired SABMiller's beer operations in Russia and Ukraine.

### 2016

AB InBev became the new shareholder of Anadolu Efes after acquiring SABMiller.

### 2017

Anadolu Efes and AB InBev signed a non-binding agreement for combining their Russian and Ukrainian beer operations.

### 2018

After the merger, AB InBev Efes B.V. started operating in Russia and Ukraine with its stronger presence.

## SOFT DRINK GROUP

### 1986

First ever production of sparkling beverages in pet bottles in Turkey.

### 1987

First ever production of sparkling beverages in aluminum cans in Turkey.

### 1993

Efes Sinai Yatirim Holding was founded to make bottling investments in the CIS region.

### 1995

Coca-Cola bottling operations commenced in Kazakhstan.

### 1996, 1998

Bottling plants were established in Kyrgyzstan, Azerbaijan, and Turkmenistan.

Anadolu Group invested in 80% of Coca-Cola operations in Turkey following the acquisition of 33% of Coca-Cola Bottling and Marketing Companies' shares from The Coca-Cola Company.

### 2002

Coca-Cola Turkey bottling operation was restructured to become a production company, which is the owner of its sales and marketing company. New company's name was changed to Coca-Cola İçecek A.Ş. (CCI).

### 2005

Anadolu Efes reorganized all the soft drink operations under the roof of CCI.

Coca-Cola operations in Jordan was acquired.

### 2006

Started water production after the acquisition of Mahmudiye LTD., a producer of natural spring water CCI shares began trading on BIST.

### 2008

Started operations in Pakistan.

### 2012

Started operations in Southern Iraq market after an acquisition.

### 2015

Dushanbe (Tajikistan), Astana (Kazakhstan) and Multan (Pakistan) facilities started production.

### 2017

10<sup>th</sup> plant in Turkey started production in Isparta.

### 2018

Faisalabad plant in Pakistan started production.

In 2018 Faisalabad plant in Pakistan started production.

## VISION, MISSION, VALUES

### MISSION

We brew joy, passionately and responsibly.

### VISION

Be the largest brewer from Adriatic to China by developing and owning social life and beer culture.

### VALUES



**PASSIONATE**



**AGILE**



**COLLABORATIVE**



**ACCOUNTABLE**



**FAIR**

## BUSINESS PRORITIES

### PEOPLE

Nurturing our talents by establishing required tools & systems and providing great place to work.

### BRANDS

Providing choice, great taste, quality and innovation.

### OPERATIONAL EXCELLENCE

Building competitive advantage through lean and efficient process, organization.

### FINANCIAL DISCIPLINE & VALUE CREATION

Achieve profitable growth and maximise free cash flow to generate above average return on our investments.

### CUSTOMERS AND CONSUMERS

Enhancing Customer Dealer engagement through better collaboration an innovative solutions.

### EXPANSION AND GROWTH

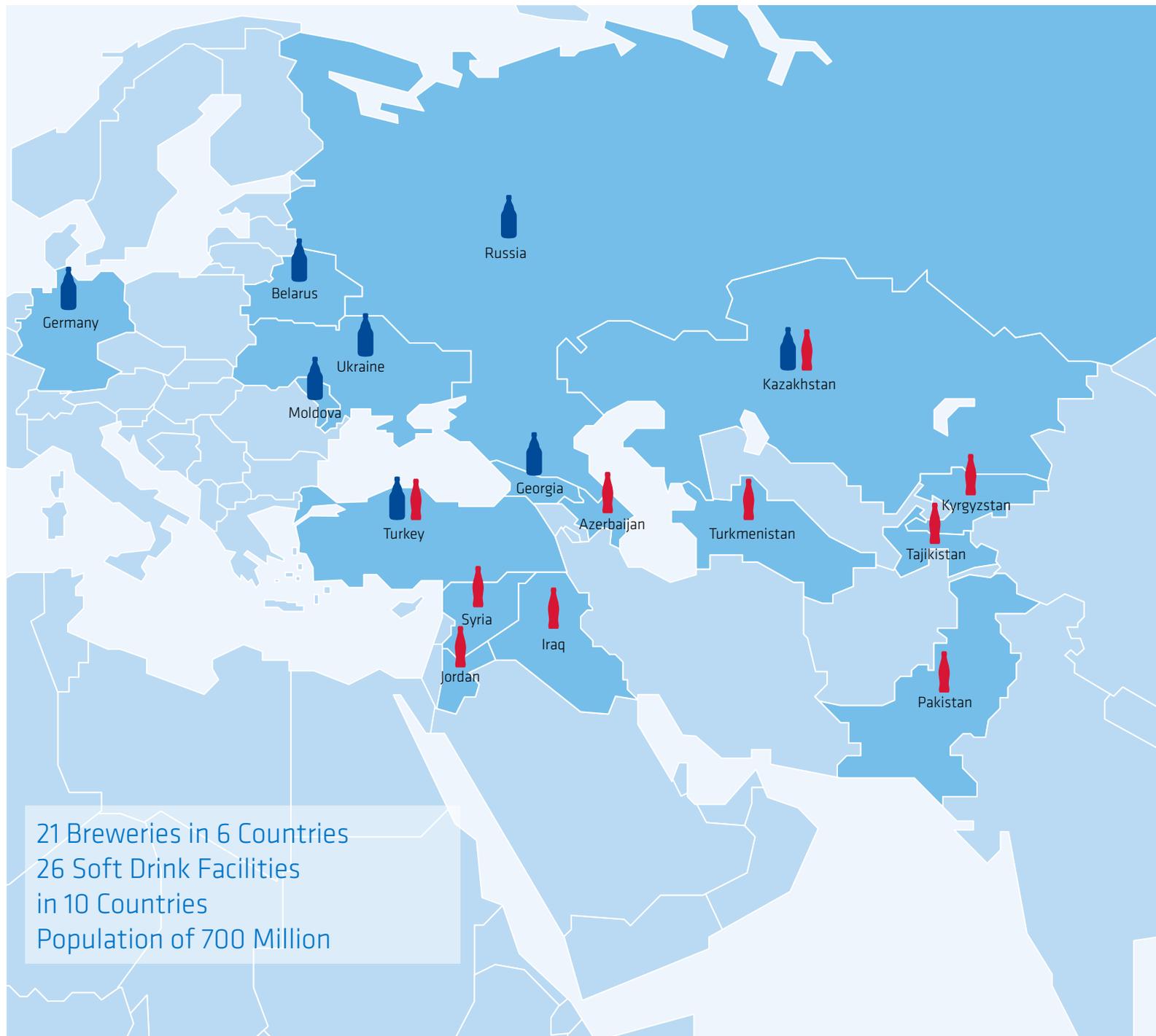
Expanding our business through enhancing brand portfolio, utilizing new channels and geographical expansion.

### STAKEHOLDERS

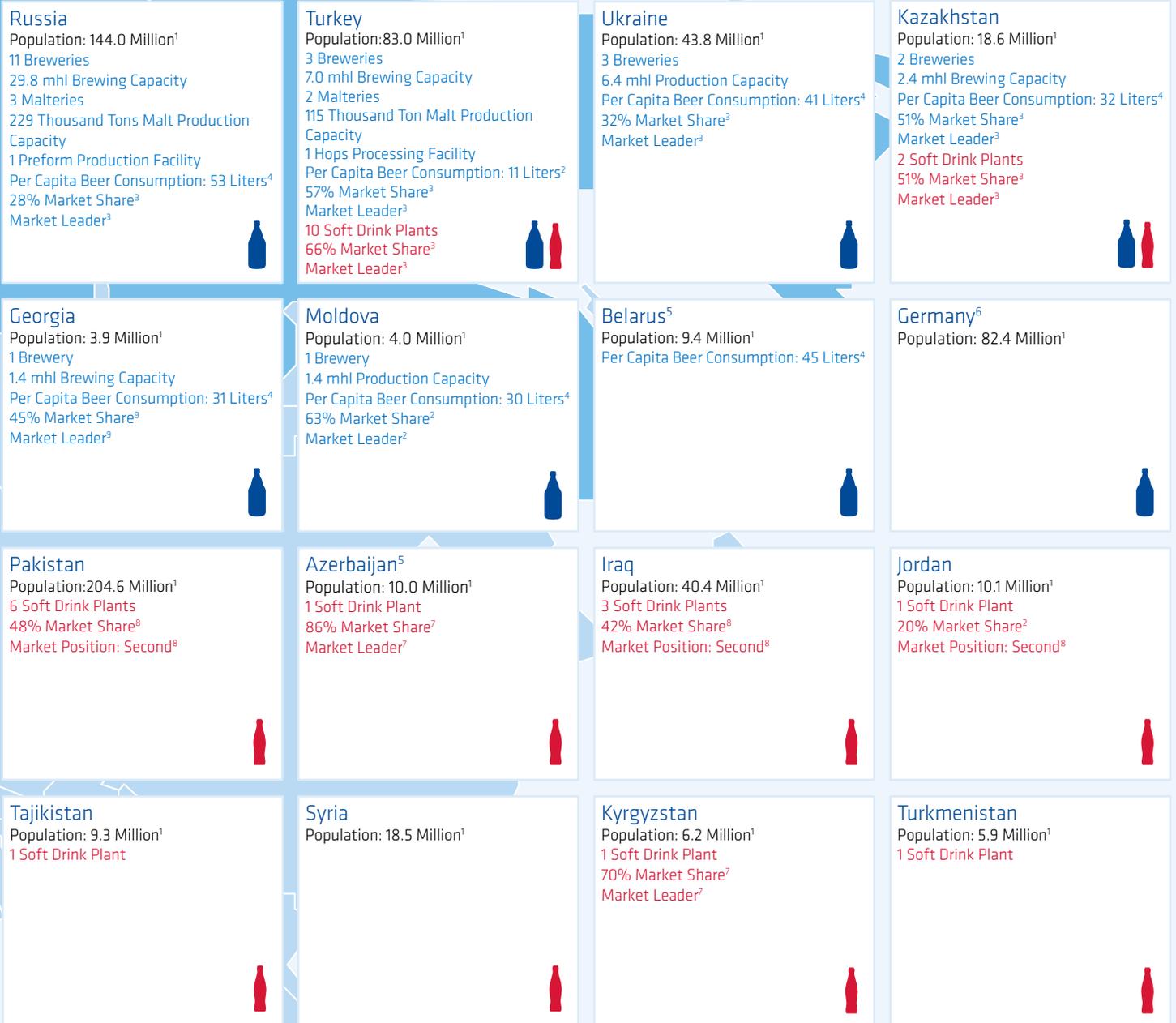
Building relationships and credibility with stakeholders.



# OUR REGIONAL FOOTPRINT



Anadolu Efes operates with a total of 21 breweries, 5 malteries, 1 hops processing facility, 1 preform production facility in 6 countries, and 26 bottling plants in 10 countries where it runs its Coca-Cola operations.



<sup>1</sup> United Nations <sup>2</sup> AEFES estimate <sup>3</sup> Nielsen, January-December 2019 <sup>4</sup> Global Data <sup>5</sup> Other than the exports by Efes Beer Group to the whole world, Anadolu Efes has organizations (either directly owned or through the controlling companies) in Belarus and Azerbaijan that carry out and/or coordinate the marketing, sales and distribution of group products. <sup>6</sup> "Efes Pilsener" brand is being produced on a contract bases by Gilde Brauerei GmbH to be sold by Efes Deutschland GmbH, a 100% subsidiary of Anadolu Efes established in Germany. <sup>7</sup> Ipsos Retail Audit <sup>8</sup> Canadean <sup>9</sup> Gamma Retail 9RA Top 6 Cities (August 2019)

## MAIN FINANCIAL AND OPERATIONAL INDICATORS\*

### +5.9%

In 2019 beer sales volume increased by 5.9%.

### +0.1%

Soft drink sales volume remained flat.

### +21.7%

The increase in net sales was 21.7%.

INCOME STATEMENT ITEMS <sup>(1)</sup>	2018 PROFORMA	2019	% CHANGE
Beer Sales Volume (m hectoliters) <sup>(2)</sup>	34.2	36.2	5.9%
Soft Drink Sales Volume (m unit case) <sup>(3)</sup>	1,314.9	1,316.3	0.1%
Net Sales (000 TRL)	19,164,440	23,313,857	21.7%
Net Sales Per litre TRL	1.76	2.10	19.4%
Profit from Operations (000 TRL)	1,165,345	2,233,747	91.7%
Operating Profit Margin (%)	6.1%	9.6%	
Depreciation and Amortization (000 TRL)	1,637,374	1,743,283	6.5%
Net Income <sup>(4)</sup> (000 TRL)	-123,994	1,021,506	n.m.
Net Income <sup>(4)</sup> Margin (%)	-0.6%	4.4%	
EBITDA <sup>(5)</sup> (000 TRL)	2,898,817	4,038,461	39.3%
EBITDA <sup>(5)</sup> Per litre TRL	0.27	0.36	36.7%
EBITDA <sup>(5)</sup> Margin (%)	15.1%	17.3%	
Free Cash Flow	1,053,678	2,335,406	121.6%

"Note 1: According to the agreement signed about the management of Coca-Cola İçecek A.Ş. ("CCI") as of January 1, 2013 Anadolu Efes started to fully consolidate CCI whose financial results had been proportionally consolidated until December 31, 2012."

Note 2: 1 hectoliter = 100 liters.  
Note 3: 1 unit case = 5.678 liters.  
Note 4: Parent company shares.

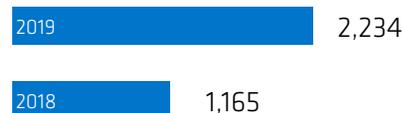
Note 5: EBITDA: Earnings before interest, tax, depreciation, and amortization are calculated by adding or subtracting depreciation and other relevant non-cash items to or from profit from operations.

### Net Sales (million TRL)



Change **21.7%**

### Profit from Operations (million TRL)



Change **91.7%**

### EBITDA (million TRL)



Change **39.3%**

\* All figures are given on proforma basis.

In addition to the successful operating results of 2019, record-high generated Free Cash Flow marked the year.

**+39.3%**  
EBITDA recorded a remarkable growth of 39.3%

**+220 bps**  
EBITDA margin rose by 220 bps.

**+16.5%**  
Total assets grew by 16.5%.

BALANCE SHEET ITEMS	2018 PROFORMA	2019	% CHANGE
Cash, Cash Equivalents and Marketable Securities (000 TRL)	4,791,228	6,194,999	29.3%
Total Assets (000 TRL)	39,435,268	45,956,475	16.5%
Equity Attributable Equity Holders of the Parent (000 TRL)	11,175,129	12,970,407	16.1%
Total Financial Debt (including lease obligations) (000 TRL)	9,224,544	10,103,809	9.5%
Net Financial Debt/EQUITY	0.4	0.3	
Net Financial Debt/EBITDA	1.5	1.0	
Capital Expenditure (Gross) <sup>(6)</sup> (000 TRL)	1,610,169	1,823,036	13.2%
Number of Shares	592,105,263	592,105,263	
Earnings per Share <sup>(7)</sup> (TRL)	-0.2094	1.7252	n.m.
Average Number of Employees	17,138	17,560	2.5%

Note 6: Acquisitions excluded

Note 7: Earnings per share is calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

#### Free Cash Flow (million TL)



Change **121.6%**

#### Total Assets (million TL)



Change **16.5%**

#### Equity Attributable Equity Holders of the Parent (million TL)



Change **16.1%**



# PEOPLE



**NURTURING  
OUR TALENTS** BY  
ESTABLISHING  
REQUIRED TOOLS  
& SYSTEMS  
AND PROVIDING  
GREAT PLACE TO  
WORK

## BEER GROUP

Anadolu Efes has a strong sales network across both Turkey and international operations as well as efficient marketing strategies.

### 48.4 mhl

Anadolu Efes had an annual beer production capacity of 48.4 million hectoliters of as of 2019 year-end.

### 344 thousand tons

The company had malt production capacity of 344 thousand tons.

Anadolu Efes started its beer operations back in 1969 with the production of its first brand "Efes Pilsen" in two breweries and a production capacity of 300 thousand hectoliters. In just a short time Efes Pilsen became the first brand that comes to mind and is still the highly preferred brands by consumers with high quality and constant taste.

Leading the industry for almost half a century; years of experience, a dynamic corporate culture with an agile decision-making mechanism that enables taking appropriate measures in changing market conditions as well as keeping a close eye on consumers lie behind the success of Anadolu Efes.

The company expands its product range by understanding its customers and closely monitoring their demand and preferences. A pioneer in execution in the sector, Anadolu Efes has a strong sales network across both Turkey and international operations with its efficient marketing strategies. Anadolu Efes continuously makes investments in order to increase its brand value.

Anadolu Efes continues its operations with a strategy to become a regional power while operating in the Turkish market. Started its international beer operations with exports, Anadolu Efes commenced its first operations abroad in the late 1990s by prioritizing culturally and geographically close markets, in Russia and Kazakhstan. Followed by beer operations in Moldova, Georgia and Ukraine, the number of countries in which the company runs beer operations went up to six.

Grew by using investment opportunities available in the markets it enters, Anadolu Efes continues its efforts to minimize the impact of the challenges by leveraging on its competitive advantage and years of experience in these regions which possess potential to grow.

Behind the success of Anadolu Efes underlies its studies towards quickly offering products that fit for customer demands, an effective and extensive distribution network, a pricing policy supporting operational profitability, an effective customer communication targeting to raise brand awareness and an effort to seek a more flexible and efficient organizational structure.

Anadolu Efes had annual beer production capacity of 48.4 million hectoliters and malt production capacity of 344 thousand tons as of 2019 year-end.

Running its operations by building a system of values around passion, collaboration, fairness, accountability and agility, Anadolu Efes will continue its operations by maintaining its strong position with deep focus on its commitment to sustainable leadership.

## TURKEY BEER OPERATIONS

Anadolu Efes is Turkey's largest brewer with 57%\* market share.

### capacity

Anadolu Efes had an annual total production capacity of 7.0 mhl of beer and 115 thousand tons of malt in Turkey.

#### Premium Brands

- Erdinger • Miller Genuine Draft • Duvel
- Grolsch • Amsterdam Navigator
- Bud • Corona • Leffe • Hoegaarden

#### Mainstream Brands

- Efes Pilsen • Efes Pastörsüz • Efes Light
- Efes Xtra • Efes Fıçı • Efes Malt
- Efes Özel Seri • Bomonti Filtresiz
- Bomonti Filtresiz • Bomonti Red Ale
- Bomonti Black • Beck's

#### Lower Mainstream Brands

- Varım

#### Economy Brands

- Marmara Gold • Marmara 34

Operating with 3 breweries, 2 malteries and 1 hops processing facility in Turkey, Anadolu Efes is the largest brewer of the Turkey.

The company had an annual total production capacity of 7.0 mhl of beer and 115 thousand tons of malt in Turkey. In 2019, the sales volume of Turkish beer market is estimated to be around 9.0 mhl, per capita consumption was around 11 litres.

In 2019, the FMCG sector in Turkey remained under pressure throughout the year being negatively affected from weak demand and deterioration in consumer confidence. Turkish beer market, also remained under pressure similar to the FMCG sector, while being affected by the decline in affordability. On the other hand, higher number of tourist arrivals during summer as well as favorable country mix supported the beer market volumes during the period. In light of this, the beer market is estimated to have declined by mid-single digits in 2019. Anadolu Efes' market share remained under pressure within the first months of the year, followed by a flattish trend since summer months.

In 2019, Efes Pilsen retro design package specially designed for the 50<sup>th</sup> year, the Efes Pilsen Serçe and Bomonti Filtresiz Kutu series which supported affordability, were offered to consumers. Bud, Corona, Leffe, Hoegaarden, which are among our premium brands, contributed positively to the market share throughout the year.



● Breweries     
 ● Malteries     
 ● Hops Processing Facility

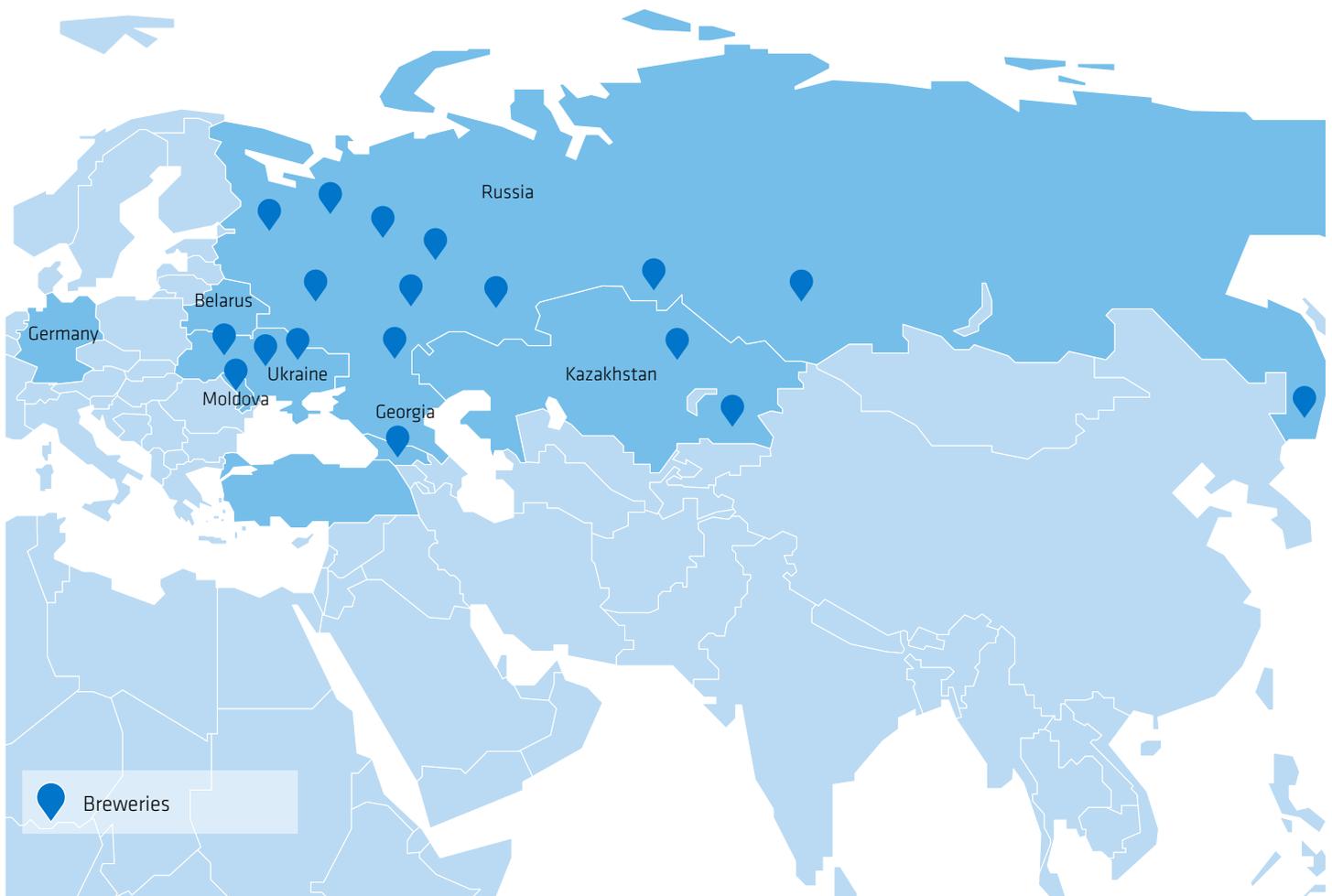
\* January - December 2019, Nielsen

# INTERNATIONAL BEER OPERATIONS

Anadolu Efes conducts its international beer operations through Efes Breweries International, a wholly owned subsidiary that was established in the Netherlands back in 1998. Operating in Russia, Ukraine, Kazakhstan, Moldova, and Georgia the company has 18 breweries with an annual total capacity of 41.4 mhl and three malteries with an annual total capacity of 229 thousand tons.

Anadolu Efes conducts its international business in Russia, Ukraine, Kazakhstan, Moldova and Georgia.

**41.4 mhl**  
International beer operations had an annual total production capacity of 41.4 mhl.



## Anadolu Efes has become the leader of Russian beer market with ~28%\* market share.

### RUSSIA

#### Super Premium Brands

- Hoegaarden • Stella Artois • Spaten
- Corona • Amsterdam • Leffe
- Redds • Franziskaner • Boddingtons
- Becks • Tinkoff • Amberweiss
- Lowenweisse • Belle-Vue • Kraft Izdat

#### High Premium Brands

- Velkopopovicky Kozel • Bud • Essa
- Bavaria • Brahma • Grolsch • Jupiler
- Tvyordiy Znak

#### Low Premium Brands

- Smib • Lowenbrau • Efes
- Zolotaya Bochka • 387 • Sibirskaya Korona
- Stariy Melnik Main • Chernigivske
- Zolotaya Angara • John Copper

#### Mainstream Brands

- Bely Medved`
- Klinskoe • Zhigulyovskoe Bochkovoe
- T • Zhigulyovskoe Primorskoe
- Moya Kaluga • Zhigulyovskoe Originalnoe
- Volzhanin • Bremen • Malz Weisen
- Sherlock • Sudoku • Primorskiy Kraft
- Pikur • Tirol`Skiy Volk • Sibirskiy Kraft

#### Economy Brands

- Gold Mine Beer • Tolstyak • Khmel` & Solod
- Zhigulyovskoe • Bavarskiy Zakon
- Rytsar Primorya • Tri Shurupa
- Khmel` Naya Stolitsa • Studenoe • Bagbier
- Green Beer • Volzhskaya Vol` Nitsa • 54

Anadolu Efes started its Russian operations, the largest operation within beer segment in terms of sales volume, with the start of production in Moscow-Efes Brewery ("MEB") in 1999. The position in the Russian market was further solidified through the acquisition of Krasny Vostok Brewing Group, the 7<sup>th</sup> largest player in the market back in 2006, which was followed by the acquisition of SABMiller's assets in Russia in 2012. After AB InBev became our new shareholder post its acquisition of SAB Miller, we sought to form a partnership with AB InBev in Russia and Ukraine in an effort to draw maximum benefit out of this partnership which was completed by signing off the binding agreements by the end of 1Q2018. Thus, operations in these countries were combined under one management.

Anadolu Efes continues its operations in Russia, where it has an annual production capacity of 29.8 mhl of beer and 229 thousand tons of malt with its 11 breweries and 3 malt production facilities.

According to Nielsen data, Anadolu Efes has become the market leader with its ~28% market share in Russian beer market, 6<sup>th</sup> largest beer market in the world.

According to Global Data 2019 report, Russian beer market is estimated to be 76.7 mhl with a per capita beer consumption of around 53 litres.

Hosting the FIFA World Cup, good weather conditions during summer period, the freeze of excise taxes and absence of new regulations resulted in an estimated growth of low-single digit in 2018 for the Russian beer market for the first time after long years. Despite the high base of 2018 and



slightly colder summer months in 2019, the Russian beer market is estimated to have stayed flattish in 2019.

Russian operations continuously outperformed the market as well as our expectations from the very beginning of the year as a result of our core focus in the segments and channels where we are under indexed. Both the successful integration process following the merger and the focus on net revenue growth contributed to the strong performance in Russia. Despite the increased competition in the Premium and Super Premium segments, Anadolu Efes has maintained its leading position in these segments with a market share of more than 35%. Among the Super Premium segment, Stella Artois, Hoegaarden and Corona and among the premium segment Lowenbrau, Efes and 387 brands were the main contributors to the growth in 2019.

\* January - December 2019, Nielsen

## INTERNATIONAL BEER OPERATIONS

### UKRAINE

#### Ultra Premium Brands

- Corona • Hoegaarden • Leffe
- Lowenbrau • Franziskaner Weissbier
- Lowen Weisse • Cubanisto
- Velkopopovicky Kozel • Spaten
- Goose Island • St.Pauli Girl • Belle-Vue
- Pauwel Kwak • Bass

#### High Premium Brands

- Stella Artois • Sary Melnik
- Velkopopovicky Kozel • Chill
- Miller • Chernigivske Na • Essa
- Staropramen Weiss
- Bely Medved Krepkoe • Khmelevus
- Efes • Boddingtons • Becks Na
- Amsterdam • T

#### Low Premium Brands

- Chernigivske Bile, Lager • Staropramen
- Bud • Taller • Rogan Na • Becks • Yantar

#### Mainstream Brands

- Chernigivske Mitsne
- Rogan Veselyi Monah
- Bely Medved Polyarnoe
- Zhygulevskoe
- Yantar
- Efes

#### Low Mainstream Brands

- Chernigivske Svitle
- Rogan Tradytsiyne, Monastyrskoe
- Bely Medved Svetloe • Yantar
- Caramel Lager

#### Economy Brands

- Zhygulevskoe Venskoe

Anadolu Efes has become one of the largest players in Ukraine beer market after the merger with AB InBev in 2018

Anadolu Efes continues its operations in Ukraine, where the annual beer production capacity was 6.4 mhl within its three breweries.

According to Global Data 2019 report, Ukrainian beer market is estimated to be 18.1 mhl with per capita consumption of 41 litres. AB InBev Efes Ukraine, with its rich product portfolio including international and local strong brands, has become the market leader with ~ 32% market share in 2019, according to Nielsen data.

Ukrainian beer market showed a flat performance in 2019, while our operations have outperformed the expectations since the beginning of the year and recorded a low-double digit growth in 2019, despite the competition in the market. Successful launch of Efes brands such as Sary Melnik and Bely Medved supported the outperformance of the market throughout the year. Strong positions in the premium and mainstream segments have been reinforced.

**~32%**  
Anadolu Efes had a market share of ~32%\* in Ukraine in 2019.



Anadolu Efes continues its operations in Ukraine, where it has an annual beer production capacity of 6.4 mhl with its 3 breweries.

\* January - December 2019, Nielsen

## Anadolu Efes maintained its leading position in Kazakh beer market in 2019.

### KAZAKHSTAN

#### Super Premium Brands

- Miller Genuine Draft
- Grolsch Premium Lager

#### Premium Brands

- Amsterdam Navigator
- Stary Melnik Iz Bochonka Myagkoe
- Velkopopovicky Kozel Cherny
- Velkopopovickykozol Svetly
- Efes Pilsener • Bavaria Holland
- Bavaria Malt
- Stary Melnik Iz Bochonka Svetloe
- Staropramen Svetloe

#### Mainstream Brands

- Kruzhka Svezhego Myagkoe
- Bely Medved Svetloe
- Karagandinskoe Krepkoe
- Zhigulevskoe / Efes Razlivnoe
- Karagandinskoe Svetloe
- Bely Medved Krepkoe
- Slavna Pivnice Svetle
- Bely Medved Osoboe
- Bely Medved Myagkoe
- Zhigulevskoe / Efes Myakgiy Khmel
- Bely Medved V Rozliv
- Kruzhka Svezhego Svetloe
- Kruzhka Svezhego Beloe
- Kruzhka Svezhego Pshenichnoe Svezhee
- Kruzhka Svezhego Razlivnoe Svezhee
- Slavna Pivnice Krasny Slad
- Karagandinskoe Bochkovoe

#### Economy Brands

- Schedriy Pivovar
- Efes Khmelnoy Los Krepkoe
- Bremen Svetloe • Bochkovoe / Efes

Anadolu Efes entered the Kazakhstan market through the acquisition of a brewery in Karaganda in 1996 from privatization and continued its operations by opening a new brewery in Almaty in 2003. According to Global Data Kazakh beer market in 2019 is estimated to be 5.9 mhl in 2019 with per capita consumption of 32 litres.

Anadolu Efes maintained its strong position with 51% market share according to Nielsen where the beer market is estimated to be flattish in 2019.

Alternative package types for existing brands were introduced to the market, and Anadolu Efes has been the pioneer of the market with the launch of clean cap. After long years, Bely Medved brand has shown growing trend. Local production for Miller and Staropramen brands have been initiated and different alternatives for Kruzhka Svezhego and Slavna Pivnice Amber have been offered to consumers.

**51%**  
Anadolu Efes had a market share of 51%\* in Kazakhstan in 2019.



Alternative package types for existing brands were introduced to the market, and Anadolu Efes has been the pioneer of the market with the launch of clean cap.

\* January - December 2019, Nielsen

## INTERNATIONAL BEER OPERATIONS

### MOLDOVA

#### Super Premium Brands

- Bavaria • Corona • Franziskaner
- Grolsch • Hoegaarden
- Leffe • Pilsener Urquell

#### Premium Brands

- Efes • Kozel • Radler
- Staryi Melnik

#### Upper Mainstream Brands

- Hopfenbrau • Jigulevscoe Bocikovoe
- Oettinger • Timisoreana

#### Mainstream Brands

- Chisinau • Belyi Medved

#### Economy Brands

- Camarad

Anadolu Efes has been operating in Moldovan beer market since the acquisition of Vitanta Intravest S.A. brewery in Chisinau in 2003.

According to Global Data, Moldovan beer market is estimated to be 1.1 mhl with per capita consumption of 30 litres. Moldova beer market is estimated to have grown by low-single digit in 2019 benefitting from the freeze of excise tax.

Anadolu Efes maintained its leading position with its 63%\* market share with the effects of campaigns under the brand of Chisinau and new brand launches. In addition to these, the position in the super premium segment has been strengthened with the launch of AB InBev brands. New package launches, efforts to increase affordability and visibility have also contributed to the volume performance.

**63%**  
Anadolu Efes had a market share of 63%\* in Moldovan beer market in 2019.

\*Company's estimate



The position in the super premium segment has been strengthened with the launch of AB InBev brands.

## GEORGIA

### Premium Brands

- Beck's • Corona Extra • Efes Pilsener
- Franziskaner • Leffe • Miller • Stella Artois

### Upper Mainstream Brands

- Herrenhauser • Herrenhauser Light
- Kaiser • Koziel • Oettinger
- Staropramen • Lowenbrau

### Mainstream Brands

- 3D • Extra • Karva • Kasris
- Mtieli • Natakhtari • Natakhtari Light

Anadolu Efes commenced operations in Georgia by acquiring the leading brewer Lomisi in 2008. According to Global Data Georgian beer market is estimated to be 1.2 million hectoliters with a per capita consumption of 31 litres in 2019.

Georgian beer market is estimated to have grown by low-single digit in 2019. Anadolu Efes maintained its leading position in the Georgian beer market in 2019, with a market share of 45%\* on volume basis. With the relaunch of the Natakhtari brand and the launch of the Lowenbrau and AB InBev brands, the strong position in the country has been reinforced. Also, the investments to increase penetration and visibility have contributed to the performance. Furthermore, the Natakhtari brand has been awarded with the "Superior Taste Award" by the International Taste Institute.

# 45%

Anadolu Efes had a market share of 45%\* in Georgian beer market in 2019.



The Natakhtari brand has been awarded with "Superior Taste Award" by the International Taste Institute.

\* RA Top 6 Cities (August 2019)

## SOFT DRINKS GROUP

CCI; carries out its operations in Turkey, Pakistan, Kazakhstan, Azerbaijan, Kyrgyzstan, Turkmenistan, Jordan, Iraq, Syria and Tajikistan through 26 facilities.

### COCA-COLA İÇECEK

#### Sparkling Beverage Flavors and Types

- Coca-Cola • Coca-Cola Şekersiz
- Coca-Cola Light • Fanta • Sprite
- Sprite Zero • Sprite Light • Schweppes
- Crystal Cola

#### Still Beverage Flavors and Types

- Cappy • Piko • Minute Maid
- Zico • Georgia • Damla Su
- Damla Minera • BonAqua
- Dasani • Al Waha • Arwa
- Doğadan • Fuse Tea
- Gladiator • Monster • Powerade
- Burn • Exotics Coke • Energy

Efes Sınai Yatırım Holding A.Ş. ("Efes Sınai"), was set up in 1993 to undertake Coca-Cola bottling investments in international international markets and operations initially started in Kazakhstan, Kyrgyzstan, and Azerbaijan. Later in 2005, international soft drinks operations merged with Turkish bottling business Coca-Cola İçecek A.Ş. ("CCI"), of which initially 33% was acquired in 1996 in Turkey and joined by different bottling and marketing companies in subsequent years. The operations were reorganized to become the CCI today.

Anadolu Efes runs its soft drink operations in Turkey and abroad through CCI, a 50.3% subsidiary. Producing, marketing and selling the sparkling and still beverages within the brand portfolio of The Coca-Cola Company ("TCCC"), CCI is the seventh largest bottler in the Coca-Cola system by sales volume.

CCI carries out its operations through 26 facilities and close to 8,500 employees in Turkey, Pakistan, Kazakhstan, Azerbaijan, Kyrgyzstan, Turkmenistan, Jordan, Iraq, Syria and Tajikistan. The rich product portfolio of CCI, consisting of sparkling beverages and still beverages such as fruit juice, water, energy and sport drinks, iced tea and non-ready-to drink tea, reaches out to nearly 400 million consumers.



 Soft Drink Plants

CCI's consolidated sales volume increased by 0.1% in 2019. In spite of the slowdown in Pakistan and production stoppage in Turkmenistan; consolidated sales volume continued to grow with the contribution of Kazakhstan, Turkey and Azerbaijan. In 2019, Turkey operation's share within total sales volume was 50%. While Turkey operation's sales volume grew by 1.8%, sparkling beverages category reached its

highest sales volume level in 2019 cycling a very strong growth in 2018. International operations sales volume decreased by 1.5% primarily due to the slowdown of the sales in Pakistan and continued production stoppage in Turkmenistan. On the other hand, Central Asia sales volume increased by 9.0% and total sales in Central Asia excluding Turkmenistan increased by double digits.

**7<sup>th</sup>**  
CCI, the seventh largest bottler in the Coca-Cola system by sales volume.





## BRANDS



PROVIDING  
CHOICE,  
GREAT TASTE,  
QUALITY AND  
**INNOVATION.**

## CHAIRMAN'S MESSAGE



Tuncay Özilhan  
Chairman of the Board of Directors

The extent of our operations reach in more than 700 million potential consumers gives us access to many dynamic and opportunity-filled markets.

Esteemed stakeholders:

Europe's fifth and the world's tenth biggest brewer as measured by production volume, Anadolu Efes supplies its products to consumers across a broad geographical region. Our presence in countries with strong beer consumption potential such as Russia (the world's sixth largest beer market), Turkey, Ukraine, Kazakhstan, Moldova, and Georgia combined with the synergies arising from economies of scale and the strength they create play an important role in our success. Our subsidiary Coca-Cola İçecek is one of the most important soft drinks bottlers in its region owing to its conduct of soft drinks production and distribution operations in ten countries. Shipping its products to more than seventy countries, Anadolu Efes generates approximately two-thirds of its sales revenues in its international operations. The ability both to create a product line capable of appealing consumers in such a broad range of countries with such different cultures and tastes and to command such high market shares among them is the outcome of Anadolu Efes's talent for effectively transforming the correct strategies that it comes up with through its experience and vision into action.

In line with its robust business model and strategic objectives focused on creating long-term shareholder value, Anadolu Efes deploys its human resources and technological advantages in the most effective way possible in the conduct of its processes and operations. Mindful of maximizing productivity at every stage, Anadolu Efes utilizes the growth potential of its operations, improves revenue management through a diversified portfolio

of products and services, and manages its balance sheet by adhering to strict financial discipline while satisfying consumer expectations.

We are guided by our corporate values in the conduct of our business activities. Acting with team spirit, our managers and workers embrace their work with passion. While pursuing our objectives, we are agile, proactive, forward-looking, innovative, and focused on continuous improvement and success. We value fairness, integrity, and transparency.

Though challenged by stiff competition, Anadolu Efes is able to capture changes in consumer preferences thanks to the operational and geographical diversity of its portfolio. While spreading and reducing its economic and geographical risks, the company deploys correct and clear strategies and takes action that is focused on sustainable profitability. The extent of our operations reach in more than 700 million potential consumers gives us access to many dynamic and opportunity-filled markets: markets whose demographics strongly support the consumption rates of the products that we make and deliver. According to United Nations figures, 26% of the people living within our operational reach are below the age of fourteen and the average rate of population growth is 1.5% a year. According to International Monetary Fund figures, these regions' GDP has grown by an average rate of 2% annually in the last decade and its aggregate GDP is about USD 7.3 trillion.

In the course of our first half-century in business, we have become a production powerhouse capable of making our presence felt in the world's great markets while also growing steadily in markets that have significant potential.

Touching millions of people's lives in the conduct of its global operations, Anadolu Efes addresses sustainability issues within the framework of its Positive Impact Plan, which has been developed to ensure that the effect of implementing the company's sustainable business model is beneficial to the environment, society, employees, and the entire value-creation chain.

Our efforts on behalf of environmental sustainability are of great importance from the standpoint of managing the risks posed by global climate change: among other things we are taking necessary action to reduce both the greenhouse gas emissions generated in the conduct of our operations and the amounts of energy that they require, we are also investing in new, low-emission technologies that improve energy efficiency. We are moving faster in our efforts to conserve water and manage its use more effectively. We continue to make progress in minimizing the external impact of our products throughout our entire value-creation chain and are striving to reduce the amounts of waste that get generated. We contribute greatly to local economies by creating jobs and procuring raw materials from local suppliers whenever feasible. In our efforts to support agriculture, we provide farmers with training and financing support through our "The Future is in Agriculture" project while also encouraging the planting of the barley and hop varieties developed as a result of our R&D projects and making sure that they are grown properly. In our efforts to support social wellbeing and progress we undertake long-term projects in the areas of culture, art, and sport. We provide our employees in all the countries in which we have a presence with a progression-oriented, inclusive workplace environment whose core principles are equality of opportunity and a respect for diversity.

Since 1969 we have been sharing our consumers' most precious moments with our top-quality products. In the course of our first half-century in business, we have become a production powerhouse capable of making our presence felt in the world's great markets while also growing steadily in markets that have significant potential. With its people who are all striving towards the same goal even though they are working in different countries and cultures, with its vast distribution network, and with its countless business partners, the steadily-growing and thriving Anadolu Efes family is focused on creating value for a better future.

Looking forward, I may also say that thanks to products that appeal to global consumers' tastes, we shall continue to be the brand that is turned to whenever friends get together in the next half-century.

Let me take this opportunity to extend my sincerest appreciation to the members of the Anadolu Efes Board of Directors, to our shareholders, to our dealers and distributors, to our suppliers, and to our business partners for their unwavering support and likewise to my esteemed colleagues for their selfless efforts.

Very truly yours,



Tuncay Özilhan  
Chairman of the Board of Directors

## innovative

While pursuing our objectives, we are agile, proactive, forward-looking, innovative, and focused on continuous improvement and success.

## BOARD OF DIRECTORS



**TUNCAY ÖZILHAN**  
Chairman



**KAMILHAN SÜLEYMAN YAZICI**  
Vice Chairman



**JASON WARNER**  
Board Member



**TUĞBAN İZZET AKSOY**  
Board Member



**SALIH METİN ECEVİT**  
Board Member



**AHMET BOYACIOĐLU**  
Board Member



**MEHMET CEM KOZLU**  
Board Member



**ŞEVKİ ACUNER**  
Independent Board Member



**İZZET KARACA**  
Independent Board Member



**PROF. DR. BARIŞ TAN**  
Independent Board Member



**UĞUR BAYAR**  
Independent Member



**DR. YILMAZ ARGÜDEN**  
Strategist



**RASİH ENGİN AKÇAKOCA**  
Advisor

## 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 Industrialist's and Businessmen's 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 YAZICI 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.

### JASON WARNER Board Member

Jason Warner originally hails from Liverpool but grew up in Surrey, the United Kingdom. He has spent his career in the FMCG sector, starting off at Nestle in 1997 as an Account and Brand Manager. After moving up to EMEA Marketing Director for Nescafe, he then spent six years at Coca-Cola, holding a number of different global marketing and innovation roles. In 2009, Mr. Warner joined AB InBev's New York office, where he looked after iconic global beer brands like Budweiser and Corona, as well as marketing at group level. During this time he was part of the team that pledged to send Budweiser into space. In January 2016, he returned to British shores to head up the UK & Ireland office of AB InBev. Jason moved into the role of Zone President for AB InBev's European business at the end of 2018, leading a team of 12,000 people, brewing and selling over 50 beer brands across 13 markets. He is passionate about building brands, disruptive growth and the power of business to lead meaningful change.

#### 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.

#### SALİH METİN ECEVİT

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. Quality Association, and Turkish Operations Research Society.

#### AHMET BOYACIOĞLU

Board Member

Ahmet Boyacıoğlu graduated from Middle East Technical University in Business Administration. Mr. Boyacıoğlu began his professional career with the Efes Beverage Group (Anadolu Efes) in 1973. He served in various positions between 1973 and 2005 including Bursa Region Sales Manager, Ege Biracılık ve Malt San. A.Ş. Sales Manager, Güney Biracılık ve Malt San. A.Ş. General Manager, Ege Biracılık ve Malt San. A.Ş. General Manager, Eastern Europe President, International Beer Operations Group President, and Strategy and Business Development Director. Mr. Boyacıoğlu was appointed as the President of the Efes Beer Group in May 2005 and retired on February 2007. Currently, he sits on the Boards of Directors of some Anadolu Group companies.

#### MEHMET CEM KOZLU

Board Member

Dr. Cem Kozlu completed middle and high school at Robert College after which he earned his bachelor's degree from Denison University, MBA from Stanford University and PhD from Boğaziçi University. Dr. Kozlu lectured International Marketing and Export Administration at Boğaziçi University between 1978 and 1981 and was a visiting Professor in the Department of Economics at Denison University in 1985. After holding executive positions in various domestic and international companies, Dr. Kozlu was appointed General Manager and Chairman of the Board of Directors of Turkish Airlines in 1988 and held these positions until 1991. He also served as the Chairman of the Association of European Airlines (AEA) in 1990. Cem Kozlu remained in public service as a Member of the Turkish Parliament between 1991 and 1995 and Chairman of the THY Board of Directors between 1997 and 2003. Dr. Kozlu has held different positions in The Coca Cola Company since 1996. He assumed the posts of Turkey, Caucasias and Central Asian Republics Executive Director and the Vienna-based Central Europe, Eurasia and Middle East Group President, retiring in April 2006. Currently, he is the Chairman of the Board of Directors of Singapore based Evyap Asia. Cem Kozlu also serves as member of the Boards of Directors of İstanbul based Coca Cola Satış ve Dağıtım A.Ş., Koç Holding A.Ş., Kamil Yazıcı Yönetim ve Danışmanlık A.Ş., Pegasus Airlines, and DO & CO Aktiengesellschaft (Vienna) and Global Relations Forum, as a member of Koc University Maritime Council Forum and as member of the Boards of Trustees of Anadolu- Johns Hopkins Sağlık Merkezi (Anadolu- Johns Hopkins Health Center) and İstanbul Modern Sanatlar Vakfı (İstanbul Modern Arts Foundation).

## BOARD OF DIRECTORS

### ŞEVKİ ACUNER Independent Board Member

Following his graduation from Bosphorus University in 1976, Sevki Acuner continued his studies at Stockholms Universitet for a Graduate Diploma and at Montreal's Concordia University, where he earned his MBA. Mr. Acuner started his banking career at Turkey's Central Bank and switched to commercial Banking after moving to Canada where he worked first for Bank of Montreal and subsequently at Royal Bank of Canada in various roles and countries such as Holland, Italy and United Kingdom. Mr. Acuner moved to European Bank for Reconstruction and Development (EBRD) in 1996 working in various positions. Acuner played a leading role in opening the EBRD in Turkey in 2009, and worked as its Deputy Director for Turkey until 2013. Since 2013, Acuner is EBRD's Director for Ukraine, based in Kiev. In 2019, he was appointed as the Independent Member of the Tekfen Holding Board of Directors. Acuner has represented EBRD in various Board positions in its equity investments across a number of countries. While based in London Acuner acted for many years as the President of the UK Turkish Bankers Association. In his role in Istanbul, Acuner led EBRD's growth in Turkey. In Ukraine, Acuner is one of the drivers of the country's economic transformation and is a leading figure in its world of finance and business. Among his various other responsibilities, Acuner acts as the Chairman of Ukraine's corruption fighting Business Ombudsman Institution, as a Chairman of the State Nomination Committee which is responsible for the appointment of CEO's and Board Directors for the country's State Owned Enterprises, and as Vice Chairman of the American Chamber of Commerce.

### İZZET KARACA Independent Board Member

Mr. İzzet Karaca graduated from Boğaziçi University Industrial Engineering Department in 1977. He started his career in 1977 at Koç Research and Development Centre. He served as Industrial Engineer and IT Manager position until 1985. Between 1985 and 1988, Mr. Karaca worked as Systems and Organization Director at Ford Otosan. Since 1988, he held several positions at Unilever in Germany, Turkey and Baltic States including Internal Audit Group Manager, Logistics Manager, Commercial Director and Managing Director. In addition, between 2011 and 2013, İzzet Karaca served as the Chairperson at YASED (International Investors Association). After serving as Executive Chairman at Unilever Turkey and Unilever NAMET RUB (North Africa, Middle East, Russia, Ukraine and Belarus) and being a member of the Unilever CEO Forum, Mr. Karaca has retired from his duties in December 2013. In 2015, he published his first book called "The New CEO is... You".

### PROF. DR. BARIŞ TAN Independent Board Member

Prof. Barış Tan is a Professor of Operations Management and Industrial Engineering and the Vice President for Academic Affairs and at Koç University, Istanbul, Turkey. He is the author of many publications in the areas of design and control of production systems, supply chain management, analytical modelling, and business model innovation, and the recipient of Turkish Academy of Sciences Distinguished Young Scholar Award, TÜBİTAK fellowship, NATO Science Fellowship, the Rockefeller Foundation Residency Award at Bellagio Center, and best paper awards for his publications. Barış Tan received a BS degree in Electrical and Electronics Engineering from Boğaziçi University, and ME in Industrial and Systems Engineering, MSE in Manufacturing Systems, and PhD in Operations Research from the University of Florida. He has been working at Koç University since 1994 and previously served as the Dean of College of Administrative Sciences and Economics and the Director of the Graduate School of Business. He held visiting positions at Harvard University Division of Engineering and Applied Sciences, MIT Operations Research Center, MIT Laboratory for Manufacturing and Productivity, Cambridge Judge Business School, and University College London School of Management. Professor Tan is a member of the international advisory boards of EM Lyon and Nottingham Business School, and the chairman of the ISM University of Management and Economics Senate. He served on the boards of the European Foundation for Management Development (EFMD), EFMD EQUIS Awarding Body, CEMS Global Alliance in Management Education, Turkish Quality Association, and Turkish Operations Research Society.

**UĞUR BAYAR**  
Independent Member

Born in İstanbul in 1964, 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 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 Investment 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 AC Anadolu Grubu Holding, 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.

**Dr. YILMAZ ARGÜDEN**  
Strategist

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.

**RASİH ENGİN AKÇAKOCA**  
Advisor

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.

## STATEMENT OF INDEPENDENT STATUS

In Anadolu Efes Biracılık ve Malt Sanayii A.Ş.;

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 not 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,

I have not been registered and announced as a board member representing the legal entity for which I will be elected,

and that therefore, I will serve in my position as a member of the Company's Board of Directors as an independent board member.



ŞEVKİ ACUNER

In Anadolu Efes Biracılık ve Malt Sanayii A.Ş.;

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,

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İZZET KARACA

## STATEMENT OF INDEPENDENT STATUS

In Anadolu Efes Biracılık ve Malt Sanayii A.Ş.;

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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,

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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,

I have not been registered and announced as a board member representing the legal entity for which I will be elected,

and that therefore, I will serve in my position as a member of the Company's Board of Directors as an independent board member.



PROF. DR. BARIŞ TAN

In Anadolu Efes Biracılık ve Malt Sanayii A.Ş.;

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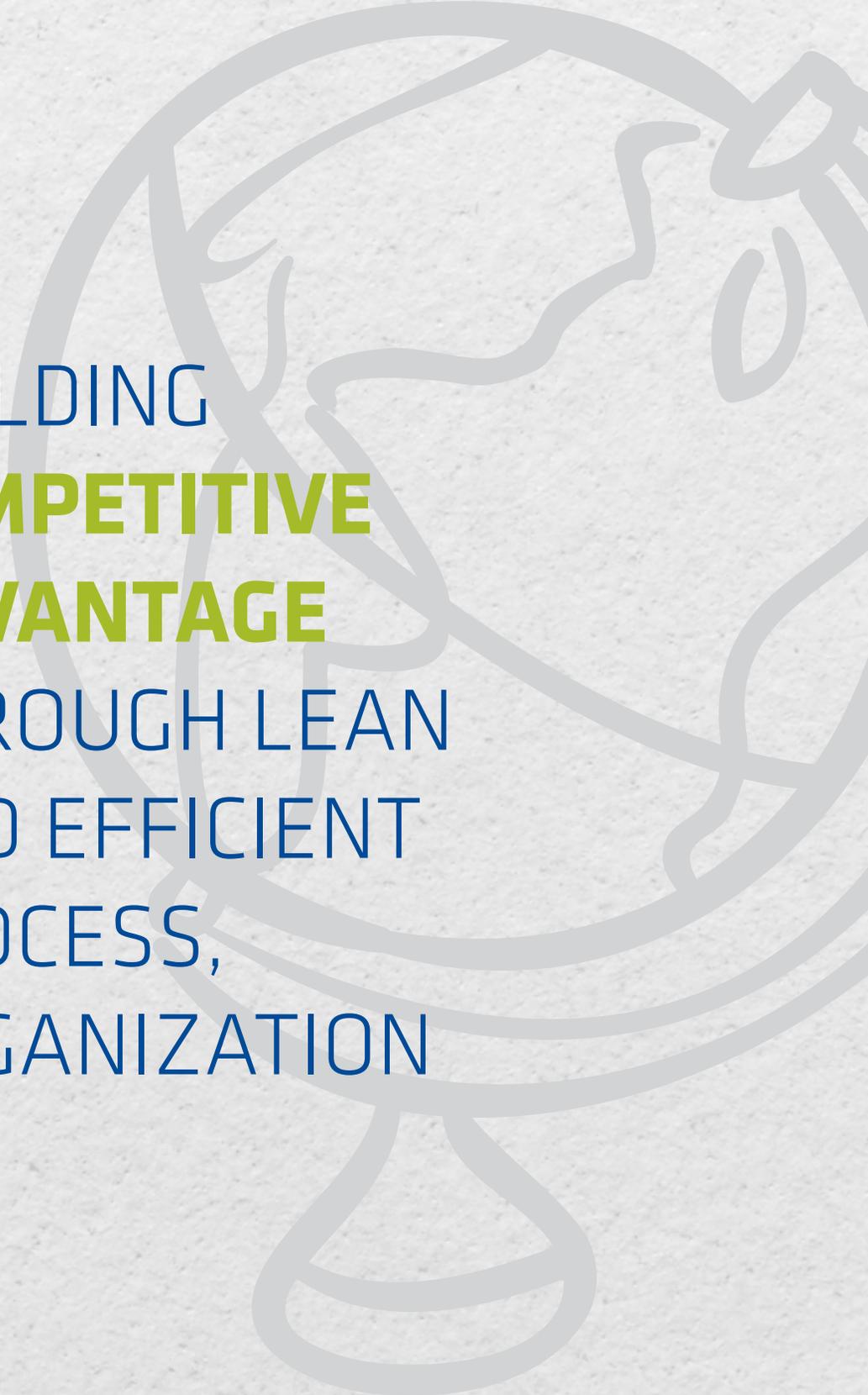
and that therefore, I will serve in my position as a member of the Company's Board of Directors as an independent board member.



UĞUR BAYAR



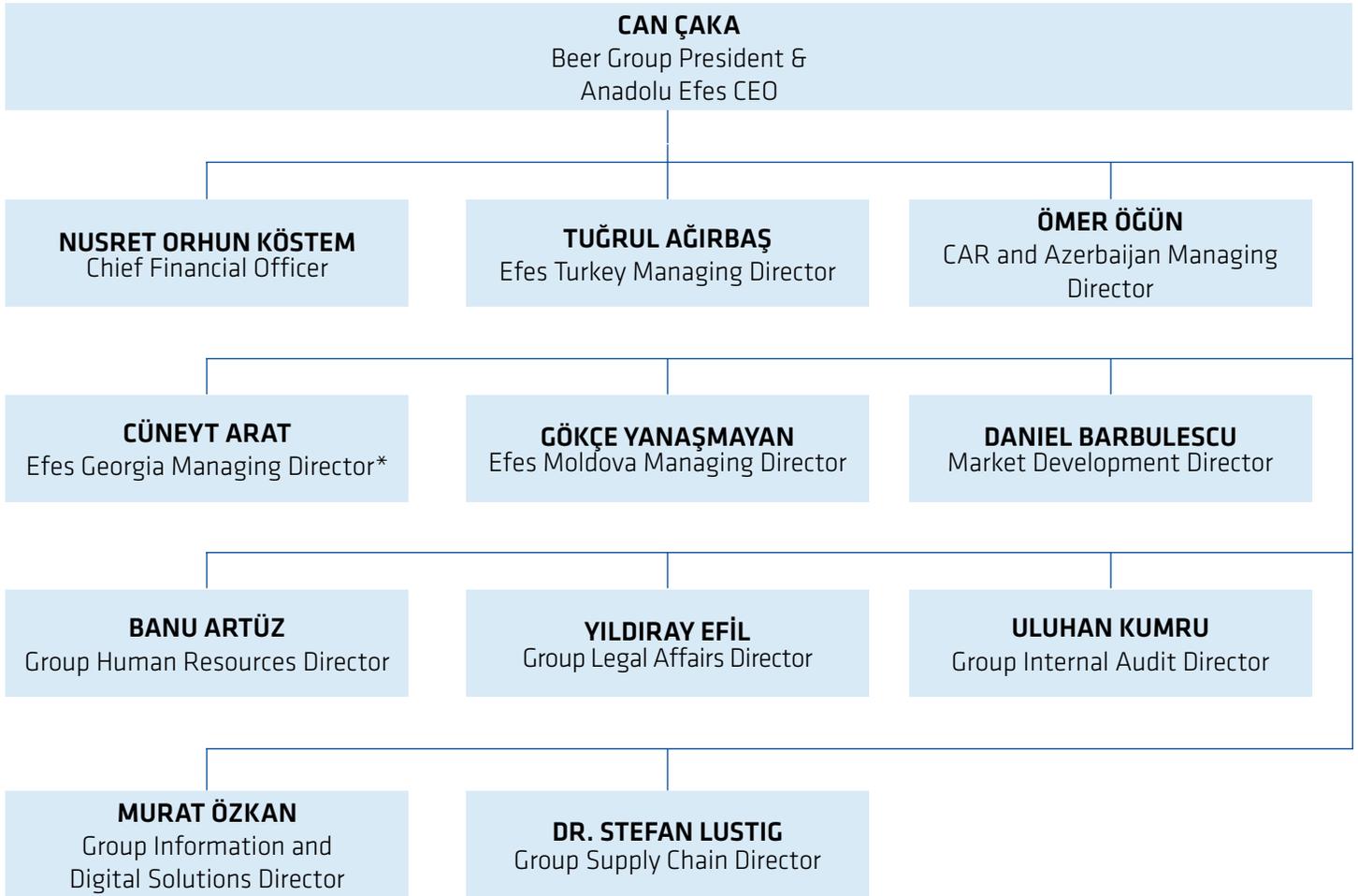
# OPERATIONAL EXCELLENCE



BUILDING  
**COMPETITIVE  
ADVANTAGE**  
THROUGH LEAN  
AND EFFICIENT  
PROCESS,  
ORGANIZATION

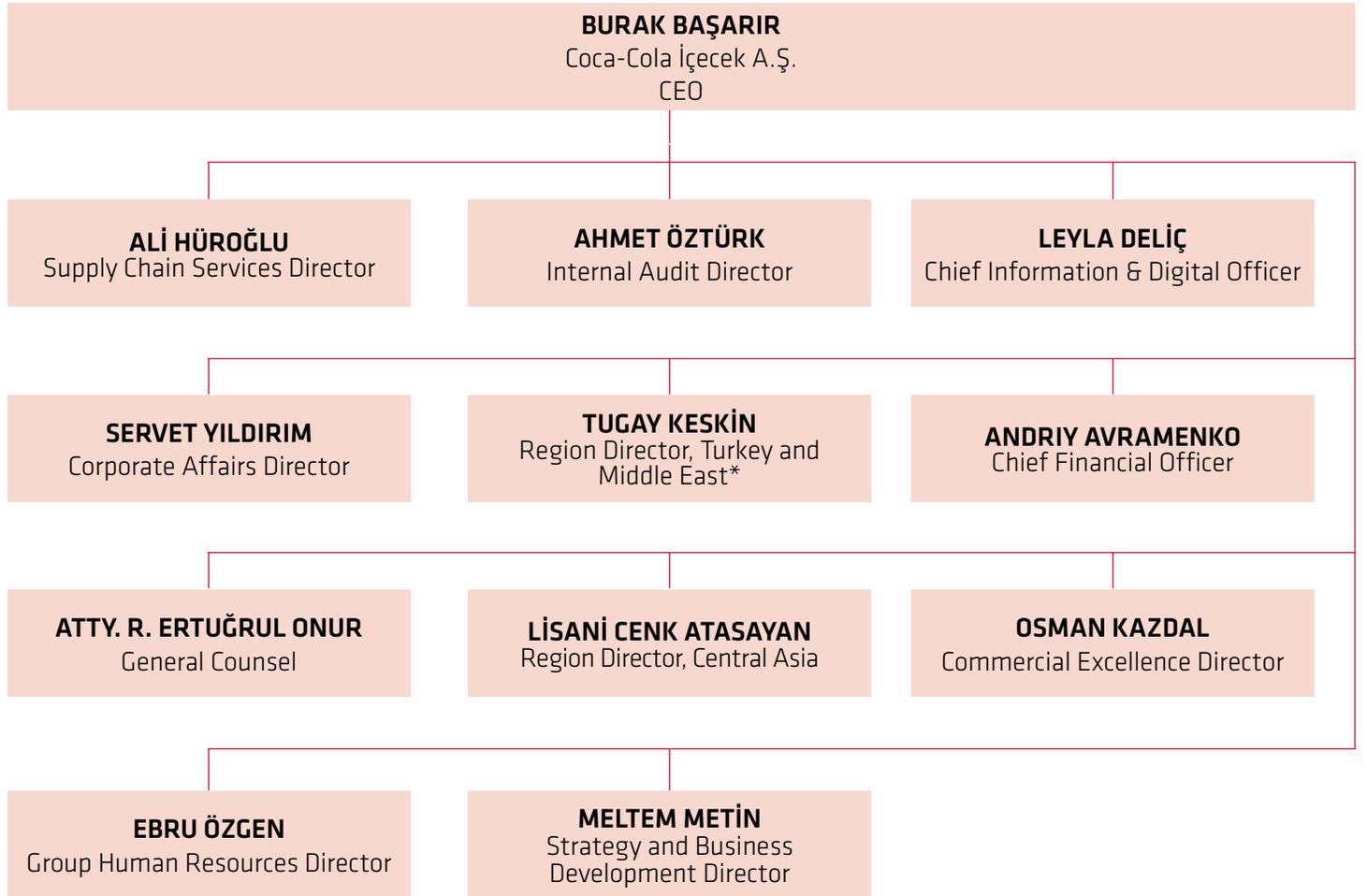
# ORGANIZATION CHART

## ANADOLU EFES BİRACILIK VE MALT SANAYİİ A.Ş.



\* As of 1 February 2020, Mr. Cüneyt Arat left his position, Mr. Ertan Kurt has been appointed to fulfill his position.

## COCA-COLA İÇECEK A.Ş.



\* Mr. Tugay Keskin has been appointed as Chief Operating Officer, effective from 1 April 2020. He will continue to fulfill its responsibilities as the General Manager of Turkey, all country managing directors in the CCI region will report directly to him.

## SENIOR MANAGEMENT - BEER GROUP



**CAN AKA**  
Beer Group President & Anadolu Efes CEO



**NUSRET ORHUN KSTEM**  
Chief Financial Officer



**DMITRY SHPAKOV**  
AB InBev Efes CEO



**TURUL AIRBA**  
Efes Turkey Managing Director



**MER N**  
CAR and Azerbaijan Managing Director



**CNEYT ARAT**  
Efes Georgia Managing Director



**GKE YANAMAYAN**  
Efes Moldova Managing Director



**DANIEL BARBULESCU**  
Market Development Director



**BANU ARTÜZ**  
Group Human Resources Director



**YILDIRAY EFİL**  
Group Legal Affairs Director



**ULUHAN KUMRU**  
Group Internal Audit Director



**MURAT ÖZKAN**  
Group Information and Digital Solutions  
Director



**DR. STEFAN LUSTIG**  
Group Supply Chain Director

## SENIOR MANAGEMENT - BEER GROUP

### CAN ÇAKA

Beer Group President & Anadolu Efes CEO

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

### NUSRET ORHUN KÖSTEM

Chief Financial Officer

N. Orhun Köstem holds BSc in Mechanical Engineering and MBA from the Middle East Technical University, as well as an MA in Law and Economics from Bilgi University. Köstem joined Anadolu Group in 1994 and assumed different senior executive positions such as Corporate Finance and Investor Relations Director of Efes Beverage Group, Finance Director of Efes Breweries International, Corporate Finance Coordinator of the Anadolu Group, Coca-Cola İçecek Chief Financial Officer; Coca-Cola İçecek Middle East and Pakistan Region Director. In 2016 and 2019, he was listed among "Turkey's Most Influential 50 CFOs" by Fortune Turkey Magazine. He was also awarded by organizations such as Thomson Reuters Extel, Management Events and Institutional Investor Group in 2011, 2013, 2014 and 2019. Mr. Köstem is one of the three authors of the book "A Window to Capital Markets: The A to Z of Public Offering and Investor Relations" published in 2009. N. Orhun Köstem was appointed as Anadolu Efes Chief Financial Officer in January 2019.

### DMITRY SHPAKOV

AB InBev Efes CEO

Mr. Shpakov graduated from National Technical University in Ukraine in 1996 after which he earned his MBA degree from INSEAD Business School in International Management. Also he graduated from InterRegional Academy of Personnel Management with a degree in Economics in 2007 and International Management Institute (Kiev, Ukraine) in 2008. Started his career at AB InBev as Sales Representative in Kiev in 1998, he was appointed as Key Account Manager and afterwards as Distribution Manager in 2001, and became the Regional Sales Manager in 2002. In 2007, Mr. Shpakov was appointed as the National Sales Director in AB InBev Ukraine where AB InBev became #1 due to his work. After having served as the CEO of AB InBev Ukraine in 2014 and the CEO of BU East (Russia and Ukraine) in 2015, Mr. Shpakov was appointed as the CEO of AB InBev Efes in March 2018.

**TUĞRUL AĞIRBAŞ**

Efes Turkey Managing Director

Tuğrul Ağırbaş graduated from Istanbul University in Business Administration and joined Efes Beverage Group in 1990. Between 1990 and 2001, Mr. Ağırbaş worked as Project Development Specialist, Marketing Specialist, Istanbul Region Sales Supervisor, New Product Development Supervisor, Group Product Manager, Sales Manager of Marmara Region and Marketing Manager of Miller. Mr. Ağırbaş was appointed as the Marketing Director of Efes Russia in 2001 and Managing Director of Efes Russia in June 2005. He assumed the post of Efes Turkey Managing Director on 1 January 2010. Mr. Ağırbaş was reappointed as Managing Director of Efes Russia in November 2011. Between 2014 and 2017, Mr. Ağırbaş served as Anadolu Efes Eastern Europe and the CIS Group Managing Director, Head of Corporate Functions and Sales Organization Transformation Lead, respectively. Mr. Ağırbaş was appointed as Anadolu Efes Turkey Managing Director in August 2017.

**ÖMER ÖĞÜN**

CAR and Azerbaijan Managing Director

Ömer Öğün graduated from Yıldız Technical University in Geophysical Engineering. Mr. Öğün started his professional career at Anadolu Group as Service Representative at Çelik Motor in 1992, where he later worked as a Sales Service Supervisor. He served as Planning and Logistics Manager at Coca-Cola Russia (Rostov) Operations from 1998 to 1999 and Operations Manager at Efes Russia Rostov Brewery from 2000 to 2006. Mr. Öğün was appointed as Operations Director of Efes Russia in 2006. He served as Efes Kazakhstan Managing Director between May 2008 and March 2012, until he was appointed as Efes Ukraine Managing Director. Mr. Öğün was appointed as Efes Kazakhstan Managing Director in June 2015, together with Efes Ukraine Managing Director role. Mr. Öğün was appointed as Central Asian Republics (CAR) and Azerbaijan Managing Director in August 2018.

**CÜNEYT ARAT**

Efes Georgia Managing Director\*

Cüneyt Arat graduated from Boğaziçi University in Business Administration in 1992. Mr. Arat started his career as International Marketing Specialist at Bekoteknik A.Ş. After working at STFA Dış Tic. A.Ş. as International Marketing Coordinator, Mr. Arat continued his career at General Elektrik A.Ş. as Sales & Marketing Specialist between 1994 and 1996. Then he served, respectively, between 1996 and 2006 at Nestle Türkiye as Import & Export Manager, Distribution & Warehousing Manager, Logistic Manager, National Distribution Manager, at Nestle Azerbaijan as Business Development Manager and at Nestle Türkiye as Sales Operations Manager (Foodservices Division). Having served as Supply Chain Director at Kimberly-Clark Türkiye between 2006 and 2009, Mr. Arat joined our Group as Iraq General Manager at Coca-Cola İçecek A.Ş. in 2010. He served, respectively, as North and South Iraq General Manager, South Iraq General Manager and Middle East Regional Director at Coca-Cola İçecek A.Ş. until 2015. Mr. Arat was appointed as Efes Georgia Managing Director in May 2015.

\* As of February 1, 2020, Mr. Cüneyt Arat left his position and Mr. Ertan Kurt has been appointed for the place vacated by Mr. Cüneyt Arat.

## SENIOR MANAGEMENT - BEER GROUP

### GÖKÇE YANAŞMAYAN Efes Moldova Managing Director

Mr. Gökçe Yanaşmayan graduated from Dokuz Eylül University in Economics in 2000. He worked as an Assistant Auditor at Arthur Andersen between 2000 and 2002 and as Senior Auditor at Ernst & Young between 2002 and 2004. After starting his career at Anadolu Efes in 2004 as Efes Kazakhstan Reporting and Budgeting Manager, he worked as Finance and Administration Manager at EBI Holland Office between 2006 and 2010 and as Finance Director at Efes Kazakhstan between 2010 and 2012. He worked as Finance Director at Efes Ukraine between 2012 and 2014. Mr. Yanaşmayan serves as Efes Moldova Managing Director since December 2014.

### DANIEL BARBULESCU Market Development Director

Mr. Daniel Barbulescu graduated from Babeş-Bolyai University in Food Products Economics in 2000 and earned his Master of Science degree from same university in Agri-Business. Having started his professional career in 2004 as a Brand Manager at Unilever South Central Europe (USCE), Mr. Barbulescu worked at Unilever Poland as Central Eastern Europe Brand Development Manager and as European Brand Development Manager between 2005 and 2008. Having served as Category Manager and Marketing Manager at USCE since 2007, Mr. Barbulescu joined our group as Marketing Director at Efes Moldova in May 2013. After serving as International Marketing and Sales Director at Anadolu Efes Market Development Directorate between January 2016 and April 2017, Mr. Daniel Barbulescu was appointed as Acting Market Development Director at Anadolu Efes Market Development Directorate in May 2017 and Market Development Director in October 2017.

### BANU ARTÜZ Group Human Resources Director

Banu Artüz graduated from Istanbul University in American Culture and Literature. She started her career at Procter & Gamble in Sales department. During her 16 years of Procter & Gamble career, she spent 8 years in Sales and Marketing Department with various assignments in Modern Trade, Distributor operations and Sales Marketing. During her Sales Marketing positions, she worked in Feminine care and Oral care categories. After 8 years in Sales & Marketing positions, she decided to move to Human Resources. She built her HR career in different countries including Turkey, Kazakhstan and Eastern Europe (Russia, Ukraine etc.) markets and had different assignments as HR Business Partner, Compensation & Benefits, Employee Relations, Sales Capability Management. She relocated to Almaty, Kazakhstan and led Talent Management for Central Asian Republics between 2007 and 2009; and she moved to Moscow, Russia as Eastern Europe Talent Manager with the responsibility of Russia, Ukraine, Belarus and Central Asia Republics between 2010 and 2013. Banu Artüz; who worked as Deputy Talent Manager Coordinator at Anadolu Group Holding between 2014 and 2018; is continuing her position as Anadolu Efes Group Human Resources Director since April 2018.

### YILDIRAY EFİL Group Legal Affairs Director

Having graduated from Istanbul University Faculty of Law, Mr. Yıldırım Efil worked as Lawyer at Türkiye İş Bankası A.Ş. Headquarters Legal Consultancy Department between 2001 and 2005. Mr. Efil completed Kadir Has University Sports Law Program in 2006 and earned his master's degree (LL.M.) in Sports Law from the same university in 2011. Mr. Efil joined Anadolu Endüstri Holding A.Ş. in 2005 as Legal Advisor-Lawyer and until 2013 he served as Legal Affairs Manager and Assistant Legal Affairs Coordinator respectively. Mr. Efil has been serving as Anadolu Efes Group Legal Affairs Director since April 2013. Besides, Mr. Efil has been assigned as Anadolu Efes Group Ethics Officer as of May 2015. Mr. Efil is a Member of Istanbul Bar Association.

**ULUHAN KUMRU****Group Internal Audit Director**

Uluhan Kumru earned a bachelor's degree from Hacettepe University in Business Administration (English) and an MBA degree from Middle East Technical University. He started his career as Management Trainee at T.C. Ziraat Bank and served as Project Finance Senior Associate until 2003. Between 2003 and 2013, he served, respectively, as Senior Auditor at Akbank, Head of Internal Control at Aklease, Senior Internal Audit Manager at Starbucks Turkey, Internal Audit Manager at Sabiha Gökçen International Airport Investment Development & Operation Inc. and Group Companies. He joined our Group as Audit Manager at Anadolu Group Audit Presidency in 2013, served as Group Internal Audit Manager at Anadolu Efes between 2015 and 2016 and as Anadolu Group Audit Manager in charge of Beverage Group Companies between 2016 and 2017. Mr. Kumru was appointed as Group Internal Audit Director at Anadolu Efes in January 2018. He is Certified Internal Auditor and Certified Public Accountant in Turkey and has been serving as Board Member at Institute of Internal Auditors of Turkey since 2014.

**MURAT ÖZKAN****Group Information and Digital Solutions Director**

Murat Özkan earned his bachelor's degree from Bilkent University in Computer Science and Information Engineering in 1993. He started his career as Systems Analyst at Arcelik between 1993 and 1996. Between 1997 and 2014, he worked in various positions in Philips Morris Sabancı in that order, SAP Analyst, SAP Technical Development Team Leader, Financial Systems Team Leader, Operations Systems Team Leader, Technical Infrastructure Manager, SAP Program Manager, Philip Morris Turkey Program One (SAP Roll-out) Program Manager, Information Services Manager (Marketing & Sales Systems), Information Services Manager, IS Manager Regional Infrastructure Delivery in various subsidiaries. After serving as CIO at Ulker and Vice President at Pladis between 2014 and 2019, Mr. Özkan joined Efes Beverage Group in April 2019 and serves as Group Information and Digital Solutions Director.

**DR. STEFAN LUSTIG****Group Supply Chain Director**

Dr. Stefan Lustig graduated as a master in Brewing and Beverage Technology from Technical University of Munich Weihenstephan in 1988. He also earned his PhD in Brewing and Beverage Technology from Technical University of Munich in 1994. He started his career as Project Manager in Beck's Brewery in 1989. He acted as Head of Gas Chromatography in the Chair of Brewing and Beverage Technology in Technical University of Munich between 1992 and 1995. He returned Beck's Brewery as Development & Technology Manager between 1995 and 1999 and was nominated as Head of Quality (1999-2002). In 2002, he continued in InBev Deutschland Holding as Brewing and Packaging Manager (2002-2006) and Plant Manager (2006-2008). Between 2008 and 2010, he had the responsibility as Brewery Operations Director in InBev Deutschland Holding and he served as a Member of Board. 2010 Dr. Lustig joined Brau Holding International/Paulaner Brewery Group as Chief Operating Officer and Managing Director Supply Chain. Mr. Stefan Lustig has been serving as Anadolu Efes Group Supply Chain Director since July 2019.

## SENIOR MANAGEMENT - SOFT DRINKS GROUP



**BURAK BAŞARIR**  
Coca-Cola İçecek A.Ş. CEO



**ALİ HÜROĞLU**  
Supply Chain Services Director



**AHMET ÖZTÜRK**  
Internal Audit Director



**LEYLA DELİÇ**  
Chief Information & Digital Officer



**SERVET YILDIRIM**  
Corporate Affairs Director



**TUGAY KESKİN**  
Region Director, Turkey and Middle East



**ANDRIY AVRAMENKO**  
Chief Financial Officer



**ATTY. R. ERTUĞRUL ONUR**  
General Counsel



**LİSANİ CENK ATASAYAN**  
Region Director, Central Asia



**OSMAN KAZDAL**  
Commercial Excellence Director



**EBRU ÖZGEN**  
Group Human Resources Director



**MELTEM METİN**  
Strategy and Business Development  
Director

## SENIOR MANAGEMENT - SOFT DRINKS GROUP

### BURAK BAŞARIR Coca-Cola İçecek A.Ş. CEO

Burak Başarır was appointed as CEO on 1 January 2014. He joined CCI in 1998 and assumed increasing managerial responsibilities in finance and commercial functions. He was named CFO in 2005 and played an integral role during CCI's IPO process, while effectively managing the financial integration of Efes Invest with CCI in 2006. He was honored as the 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 holds a BA in business administration and a minor in computer sciences from American River College. He studied management in California State University of Sacramento between 1990 and 1992 and received a B.S. degree in Business Administration from the Middle East Technical University in 1995. Başarır has more than 20 years of work experience and prior to joining CCI, he worked for Arthur Anderson as a Senior Auditor. He is a member of the Turkish Industry and Business Association (TUSIAD) and Turkey US Business Council (TAIK). He was honored with the "Best CEO" award in the beverages category by the international research group Institutional Investor in 2019.

### ALİ HÜROĞLU Supply Chain Services Director

Ali Hüröğlü has been serving as CCI Supply Chain Services Director since 2001. He joined the Coca-Cola system as the plant manager of the former Trabzon production facility under the responsibility of the Black Sea Sales Center in 1990. Following this, Mr. Hüröğlü worked on the construction of the Mersin production facility and was responsible for the South and Southeast Sales Center. In 1995, he was transferred to the operations department, assuming the position of operations manager of the Mersin plant in 1996, and later he was promoted to be the Ankara Plant and East Region Group Operation Manager. Prior to joining the Coca-Cola system, he worked for HEMA Gear manufacturing as a process engineer from 1983 to 1985 and for General Dynamics Forth Worth-Texas as a trainee from 1985 to 1986. He then returned to Turkey in 1986 and worked on an F-16 aircraft design and manufacturing project in Turkish Aerospace Industries in Ankara until 1990. Mr. Hüröğlü holds a Master of Science degree in Mechanical Engineering from Black Sea Technical University and he is a member of the Association of Beverage Producers (MEDER). Since 2008 he has been an Executive Committee member of the Coca-Cola Global Supply Chain Council. Mr. Hüröğlü has 37 years of professional experience.

### AHMET ÖZTÜRK Internal Audit Director

Ahmet Öztürk joined Anadolu Group in August 1995, having graduated from Bilkent University, with a major in Economics. He started his career as an Assistant Financial Control Specialist and continued to work in different roles and responsibilities in group companies, serving as CFO of Coca-Cola Turkmenistan, Coca-Cola Azerbaijan, Efes Ukraine and Efes Serbia between 1999 and 2007. Öztürk was appointed as the Internal Auditor of Efes Beer Group International operations in July 2007 and promoted to become the Internal Audit Director of Anadolu Efes in January 2011. Ahmet Öztürk was appointed as Coca-Cola İçecek Internal Audit Director as of 1 January 2018.

**LEYLA DELİÇ****Chief Information & Digital Officer**

Leyla Deliç was appointed as Coca-Cola İçecek Chief Information Officer on July 2<sup>nd</sup>, 2018. Mrs. Deliç started her career in 1995 as Network Engineer at Time Trend Computers in United States and then served in different companies and countries until 2008. She worked as Chief Information Officer in Aras Holding between 2008-2010. Before joining CCI, she served in different positions in GE Healthcare, USA and she worked as CIO in GE Healthcare between 2016- 2018. Mrs. Deliç has a bachelors degree of Electrical Engineering and masters degree of Computer Engineering in Southwestern University.

**SERVET YILDIRIM****Corporate Affairs Director**

Corporate Affairs Director Servet Yıldırım has joined CCI as Group Corporate Affairs Director as of September 2018. He started his career at İşbank and worked in Economic Research and Treasury Departments. In 1989, Servet joined Reuters News Agency and appointed as the Head of the Turkish branch in 1996. Moving to CNBC-e, he assumed News Director and Editor-in Chief roles at the channel over the course of seven years. In 2011, Servet assumed the position of Group President of Economics branch of Doğu Media Group. At the same time, he continued to anchor various financial shows aired on CNBC-e. During his career in the media sector, he wrote several columns on finance and Turkish economy in newspapers like Yeni Binyıl, Sabah, Referans and Radikal. Before joining CCI, Servet was a columnist at newspaper Milliyet and commentator on NTV Para program on news channel NTV. He has a bachelor's degree in Business Administration from the Middle East Technical University.

**TUGAY KESKİN****Region Director, Turkey and Middle East\***

Tugay Keskin was appointed as Coca-Cola İçecek Turkey and Middle East Region Director as of 1 January 2019. Keskin joined CCI in 1993 and served in different positions in Turkey sales function. He worked as Turkey Sales Director between 2007-2011 and Turkey Commercial Director between 2011-2014. Having served as CCI Commercial Excellence Director between 2014 and 2016, Keskin is a graduate of Ankara University Faculty of Political Science.

\* Tugay Keskin will be appointed as Chief Operating Officer (COO) effective April 1<sup>st</sup>, 2020. Mr. Keskin will continue to hold his Turkey General Manager responsibilities while all general managers across CCI will report directly to him.

## SENIOR MANAGEMENT - SOFT DRINKS GROUP

### ANDRIY AVRAMENKO Chief Financial Officer

Andriy Avramenko was appointed as CFO for Coca-Cola İçecek A.Ş. 1 January 2019. Andriy Avramenko has 25 years of experience, including 20 years of Coca-Cola tenure, after starting his career in Arthur Andersen's Kiev office in 1994. In 1999, he joined TCCC as an Internal Auditor and moved to the Mergers & Acquisitions team in 2003. Mr. Avramenko served as Supply Chain Development Director of the Global Juice business between 2008 and 2011. He then served in the India & South West Asia Business Unit as Vice President and General Manager of the Juice Business until 2013, and Vice President of Strategy for India and South West Asia and General Manager of the Still Beverages Business until 2015. Between March 2015 and May 2018, he served as Group Director responsible for Mergers & Acquisitions for the Eurasia & Africa region. Before joining CCI, Mr. Avramenko was serving as Group Director of Corporate Development for the Europe, Middle East and Africa Group and was a Board Member of Coca-Cola Beverages Africa. Mr. Avramenko has a Master of Science Degree in International Economics from Kiev State University in Ukraine.

### ATTY. R. ERTUĞRUL ONUR General Counsel

R. Ertuğrul Onur has been serving as the General Counsel of CCI since 2007. He is also currently the Head of CCI Ethics and Compliance Committee. He established the CCI Compliance & Ethics Program and served as CCI Ethics and Compliance Officer between 2013 and 2016. He graduated from Istanbul University's Law Faculty in 1988. Following the completion of his traineeship in the Konya Bar Association, he worked as a research assistant in the same Law Faculty. Mr. Onur served as Legal Counsel for Mobil Oil Türk A.Ş. and BP Petrolleri A.Ş. between 1995 and 2000. He also worked as BP Turkey Employee Representative, BP Oil Europe Works Council Member and BP Oil Europe Works Council Link Committee Member. Prior to joining the Coca-Cola system, he set up the legal department in Pfizer İlaçları and served as Assistant General Manager and Legal Director. Mr. Onur implemented various compliance programs as the Compliance Liaison Officer in Pfizer Turkey. Mr. Onur has 30 years of work experience and is a member of the Istanbul Bar Association. At the same time, he serves as Chairman at Ethics and Reputation Society of Turkey, in which CCI is a corporate member.

### LİSANİ CENK ATASAYAN Region Director, Central Asia

Lisani Atasayan graduated from Boğaziçi University with a major in Economics and later went on to study Business Administration and Computer Science majors at the University of Guelph, before obtaining an MBA degree from the University of Windsor in Canada. Atasayan began his career in Coca-Cola İçecek as a Financial Analyst in 1997, continuing as the Financial Analysis and Planning Manager between 1999 and 2004. He was appointed as the Finance Manager for Coca-Cola İçecek's Marmara Region in 2004 and later as the International Operations Finance Director with increasing management responsibilities in 2006. Between 2010 and 2013, he made important contributions to the growth of Coca-Cola İçecek in Azerbaijan where he served as the General Manager. Between 2014 and 2016 he served as Coca-Cola İçecek General Manager of Turkey operation. Since 1 January 2017, Atasayan has been serving as CCI Central Asia Regional Director responsible for Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Azerbaijan.

**OSMAN KAZDAL****Commercial Excellence Director**

Osman Kazdal was appointed as the Commercial Excellence Director of Coca-Cola İçecek as of 1 January 2017. He started his career in CCI in 1990. He assumed several senior leadership roles in the commercial function until 2010. He served as the General Manager of CCI Kazakhstan between 2010-2014 and as the Central Asia Regional Director responsible for CCI Kazakhstan, Kyrgyzstan, Azerbaijan, Turkmenistan and Tajikistan between 2014 and 2016. Kazdal holds a BA degree in Economics from Uludağ University and an MBA degree from Marmara University. He is married and has three children.

**EBRU ÖZGEN****Group Human Resources Director**

Ebru Özgen was appointed as the Group Human Resources Director for Coca-Cola İçecek A.Ş. as of 1 January 2017. She joined CCI as Budget and Planning Supervisor in 1997, worked as Finance Manager between 1998-2000 and East Region Finance Manager between 2000-2005. Özgen was appointed as Turkey Budget Planning and Commercial Finance Manager in 2010 with increased management responsibilities. In 2013 she was promoted to become Turkey Finance Director, and as a member of CCI Turkey Leadership Team she was responsible for the coordination of finance operations that support strategic business targets. Özgen started her career in 1992 in Arthur Andersen. She has a bachelor's degree in Business Administration from the Middle East Technical University and an MBA in International Banking and Finance from the University of Birmingham. In 2009, she earned a master's degree on Law and Economics from Bilkent University. Özgen is a CIM certified CPA and independent auditor, and has two children.

**MELTEM METİN****Strategy and Business Development Director**

Meltem Metin, a graduate of Istanbul University with a major in Business Administration in English, started her career in Pamukbank as a management trainee. She transferred to Anadolu Group to work as a specialist in the Financial Control Directorate in 1995. She became a Financial Controller in Anadolu Endüstri Holding before being transferred to Efes Sınai Yatırım Holding in 1998, working first as a Financial Controller, then as the Regional Finance Manager. In May 2000, she was appointed as the Finance Manager of Efes Sınai's Kazakhstan operations (CCAB), and in 2005 she additionally assumed the role of Finance Manager for its Kyrgyzstan operations (CCBB). Subsequently she was appointed as the General Manager of CCAB in February 2002, and she was additionally appointed to the same position for CCBB in June 2005. With 19 years of professional experience, Metin has been serving as the Group Strategy and Business Development Director in CCI since May 2009.



## FINANCIAL DISCIPLINE & VALUE CREATION



ACHIEVE  
PROFITABLE  
GROWTH AND  
**MAXIMIZE** FREE  
CASH FLOW  
TO GENERATE  
ABOVE AVERAGE  
RETURN ON OUR  
INVESTMENTS

# MANAGEMENT'S FINANCIAL REVIEW AND EXPECTATIONS

## KONSOLİDE FİNANSAL TABLOLARIN HAZIRLANMA VE SUNUMUNA İLİŞKİN ESASLAR

The company's consolidated financial statements have been drawn up in accordance with the provisions of the Capital Markets Board of Turkey (Sermaye Piyasası Kurulu - "SPK") Communiqué Serial: II-14.1 on Principles of Financial Reporting in the Capital Market published in the Official Gazette issue 28676 dated 13 June 2013, and has been based on the Turkish Accounting Standards ("TMS") enforced by the Public Oversight, Accounting and Auditing Standards Authority (Kamu Gözetimi Muhasebe ve Denetim Standartları Kurumu - "KGGK") in accordance with Article 5 of the Communiqué. TMSs consist of Turkish Accounting Standards, Turkish Financial Reporting Standards (TFRS) and supplements and comments in relation thereto. In addition to Anadolu Efes' independently-audited and TFRS-compliant financial statements for 2019 and 2018 that have been prepared in accordance with the SPK legislation, we are also presenting the summaries of the results of our Turkish beer operations, our international beer operations, and our consolidated Coca-Cola operations, which together make up our consolidated financials, as additional information for the benefit of domestic and international individual and institutional investors.

The consolidated financial statements comprise the financial statements of the company (Anadolu Efes) and of its subsidiaries and joint ventures drawn up as at the same date. The purchase method of accounting is used for acquired businesses. Subsidiaries, joint ventures, and investments in associates acquired or disposed of during the year are included in the consolidated financial statements as of the date of acquisition or until the date of disposal, as appropriate.

A "subsidiary" is a company that is subject to Anadolu Efes' control. "Control" in this context means that Anadolu Efes is exposed to various consequences arising in such companies, that it is entitled to receive some of their earnings, and that it has the power to influence their management. Among Anadolu Efes' subsidiaries are EFPA (sales and distribution of beer products in Turkey), Efes Breweries International (EBI - International Beer Operations), CCI (domestic and international Coca-Cola operations), Cypex and Efes Deutschland.

A "joint venture" is a company in which there are contractual arrangements through which an economic activity is undertaken subject to joint control by Anadolu Efes and one or more enterprising partners. Under the change introduced by TFRS 11, joint ventures were accounted for using the equity method starting from 1 January 2013.

## STATEMENT OF GENERAL INFORMATION CONCERNING THE CONSOLIDATED FINANCIAL RESULTS FOR THE PERIOD ENDING 31 DECEMBER 2019

In addition to our consolidated financial statements dated 31 December 2019 that have been drawn up in accordance with the accounting principles published by the Capital Markets Board ("SPK") and for the purpose of informing domestic and foreign investors, individuals, and organizations, we are providing the summarized consolidated operational results of the Turkish beer operations, the international beer operations, and the soft drinks operations which constitute our consolidated financial statements. Figures showing Anadolu Efes', Turkish Beer Operations' and EBI's consolidated operating profit before non-recurring items ("BNRI") are also separately reported.

## 2019 HIGHLIGHTS

- **Consolidated sales volume up** 1.9% on a proforma basis to 110.9 mhl
- **Consolidated net sales revenue up** 21.7% on a proforma basis to TL 23,313.8 million
- **Consolidated EBITDA Before Non-Recurring Items (BNRI) up** 35.5% on a proforma basis to TL 4,050.6 million (excluding the impact of IFRS 16, EBITDA (BNRI) grew by 31.2% to TL 3,921.6 million)
- **Consolidated Free Cash Flow was** TL 2,335.4 million

## 4Q2019 HIGHLIGHTS

- **Consolidated sales volume up** 2.4% to 21.7 mhl
- **Consolidated net sales revenue up** 17.5% to TL 5,082.4 million
- **Consolidated EBITDA Before Non-Recurring Items (BNRI) up** 47.1% to TL 861.8 million (excluding the impact of IFRS 16, EBITDA (BNRI) grew by 40.1% to TL 821.0 million)

*Unless stated otherwise, the figures from hereon are based on proforma numbers (including the ABI merger in Russia & Ukraine for 1Q2018) and excluding IFRS16 impact for FY2019.*

#### MR. CAN ÇAKA, BEER GROUP PRESIDENT & ANADOLU EFES CEO COMMENTS

I am very pleased with our superior operational and financial performance in FY2019, where in every quarter we have been able to grow EBITDA ahead of revenue and revenue ahead of volume and as a result, we managed to deliver robust topline growth and margin expansion. We also recorded an all-time low core working capital and a very strong free cash flow on a beer group basis.

2019 has been a very robust year in terms of the performances of our international beer operations, where we have been or have managed to become the market leader in every operation. In Russia and Ukraine, we were able to outperform the market while extracting synergies ahead of our targets. We were not only able to grow our presence in these markets, but also increased our focus on revitalizing our core mainstream brands which contributed to our topline performance, yielding very strong growth. Moreover, synergies and operating leverage nourished profitability margin and therefore, supported the free cash flow generation for the whole Group. Our strong market positions in Kazakhstan, Moldova and Georgia continued in 2019, while these markets maintained their positive contribution to our operational profitability.

In Turkey, we have witnessed the lowest consumer confidence levels of the past decade, driven by macro dynamics which impacted the whole FMCG sector negatively. Beer sector was further impacted by the high pricing environment. In these tough circumstances, there had been several initiatives that we have launched in our Turkey beer operations. Accordingly, we were able to expand our premium category in the period. We also continued investing in our brands through increased marketing activities which also helped us to restore our touch with our consumers. Although, we expect the macro environment to be more stable in 2020, beer market will still be under pressure primarily due to high prices which impacts affordability.

For our soft drinks operations, the performance in domestic operations as well as in CIS countries compensated the lower volumes in Pakistan, yielding a slight volume growth.

As we always underline, the diversification of our brand portfolio, with strong local and international brands is an important driver for our business. Considering our healthy results in FY2019, looking ahead, I am pretty confident to deliver in line with our long-term commitment to have healthy topline growth with robust profitability and maximizing free cash flow as a result of disciplined balance sheet management.

## MANAGEMENT'S FINANCIAL REVIEW AND EXPECTATIONS

### SUMMARY FINANCIALS

Consolidated (TL mn)	4Q2018 Proforma & Restated*	4Q2019	Proforma Change %	4Q2019 (excl. IFRS 16)	Proforma Change % (excl. IFRS 16)
Volume (mhl)	21.2	21.7	2.4%	21.7	2.4%
Net Sales	4,325.6	5,082.4	17.5%	5,082.4	17.5%
Gross Profit	1,469.5	1,996.4	35.9%	1,996.2	35.8%
EBIT (BNRI)	120.6	409.8	239.7%	400.3	231.9%
EBITDA (BNRI)	585.9	861.8	47.1%	821.0	40.1%
Net Income/(Loss)**	117.5	183.3	56.0%	188.0	60.1%
			<b>Change (bps)</b>		<b>Change (bps)</b>
Gross Profit Margin	34.0%	39.3%	531	39.3%	531
EBIT (BNRI) Margin	2.8%	8.1%	527	7.9%	509
EBITDA (BNRI) Margin	13.5%	17.0%	341	16.2%	261
Net Income Margin**	2.7%	3.6%	89	3.7%	98

Beer Group (TL mn)	4Q2018 Proforma & Restated*	4Q2019	Proforma Change %	4Q2019 (excl. IFRS 16)	Proforma Change % (excl. IFRS 16)
Volume (mhl)	8.2	8.6	4.8%	8.6	4.8%
Net Sales	2,324.4	2,862.7	23.2%	2,862.7	23.2%
Gross Profit	897.8	1,234.8	37.5%	1,234.7	37.5%
EBIT (BNRI)	141.4	326.4	130.8%	320.3	126.5%
EBITDA (BNRI)	438.8	592.1	35.0%	572.5	30.5%
Net Income/(Loss)**	55.4	188.8	240.7%	192.0	246.4%
			<b>Change (bps)</b>		<b>Change (bps)</b>
Gross Profit Margin	38.6%	43.1%	451	43.1%	450
EBIT (BNRI) Margin	6.1%	11.4%	532	11.2%	510
EBITDA (BNRI) Margin	18.9%	20.7%	181	20.0%	112
Net Income Margin**	2.4%	6.6%	421	6.7%	432

Turkey Beer (TL mn)	4Q2018 Reclassified***	4Q2019	Proforma Change %	4Q2019 (excl. IFRS 16)	Proforma Change % (excl. IFRS 16)
Volume (mhl)	1.4	1.3	-7.1%	1.3	-7.1%
Net Sales	526.5	593.9	12.8%	593.9	12.8%
Gross Profit	302.4	337.3	11.5%	337.3	11.5%
EBIT (BNRI)	57.7	53.3	-7.5%	49.0	-15.0%
EBITDA (BNRI)	107.3	118.1	10.0%	107.1	-0.2%
			<b>Change (bps)</b>		<b>Change (bps)</b>
Gross Profit Margin	57.4%	56.8%	-64	56.8%	-64
EBIT (BNRI) Margin	11.0%	9.0%	-198	8.3%	-270
EBITDA (BNRI) Margin	20.4%	19.9%	-51	18.0%	-235

International Beer Operations EBI (TL mn)	4Q2018 Proforma & Restated*	4Q2019	Proforma Change %	4Q2019 (excl. IFRS 16)	Proforma Change % (excl. IFRS 16)
Volume (mhl)	6.8	7.3	7.2%	7.3	7.2%
Net Sales	1,788.4	2,258.8	26.3%	2,258.8	26.3%
Gross Profit	584.7	885.4	51.4%	885.2	51.4%
EBIT (BNRI)	107.5	309.6	187.9%	307.8	186.2%
EBITDA (BNRI)	354.2	509.5	43.8%	500.8	41.4%
			<b>Change (bps)</b>		<b>Change (bps)</b>
Gross Profit Margin	32.7%	39.2%	651	39.2%	650
EBIT (BNRI) Margin	6.0%	13.7%	769	13.6%	762
EBITDA (BNRI) Margin	19.8%	22.6%	275	22.2%	237

CCI (TL mn)	4Q2018	4Q2019	Proforma Change %
Volume (mn u/c)	228.5	230.0	0.8%
Net Sales	2,001.4	2,219.8	10.9%
Gross Profit	573.3	770.7	34.4%
EBIT	-13.0	86.2	n.m.
EBITDA	159.9	269.6	68.6%
Net Income/(Loss)**	155.8	0.6	-99.6%
			<b>Change (bps)</b>
Gross Profit Margin	28.6%	34.7%	607
EBIT Margin	-0.6%	3.9%	453
EBITDA Margin	8.0%	12.1%	416
Net Income Margin**	7.8%	0.0%	-776

\*\* Net income attributable to shareholders

\*\*\*In 2018, there has been a reallocation of certain "other income/expense" items within Beer Group without affecting consolidated profitability. Therefore, 4Q2018 numbers are reclassified accordingly.

## MANAGEMENT'S FINANCIAL REVIEW AND EXPECTATIONS

Consolidated (TL mn)	FY2018 Proforma & Restated	FY2019	Proforma Change %	FY2019 (excl. IFRS 16)	Proforma Change % (excl. IFRS 16)
Volume (mhl)	108.8	110.9	1.9%	110.9	1.9%
Net Sales	19,164.4	23,313.8	21.7%	23,313.8	21.7%
Gross Profit	6,777.8	8,782.0	29.6%	8,781.5	29.6%
EBIT (BNRI)	1,256.5	2,245.9	78.7%	2,213.7	76.2%
EBITDA (BNRI)	2,990.0	4,050.6	35.5%	3,921.6	31.2%
Net Income/(Loss)**	-124.0	1,021.5	n.m.	1,034.1	n.m.
			<b>Change (bps)</b>		<b>Change (bps)</b>
Gross Profit Margin	35.4%	37.7%	230	37.7%	230
EBIT (BNRI) Margin	6.6%	9.6%	308	9.5%	294
EBITDA (BNRI) Margin	15.6%	17.4%	177	16.8%	122
Net Income Margin**	-0.6%	4.4%	503	4.4%	508

Beer Group (TL mn)	FY2018 Proforma & Restated*	FY2019	Proforma Change %	FY2019 (excl. IFRS 16)	Proforma Change % (excl. IFRS 16)
Volume (mhl)	34.2	36.2	5.9%	36.2	5.9%
Net Sales	8,541.4	11,069.0	29.6%	11,069.0	29.6%
Gross Profit	3,256.2	4,582.8	40.7%	4,582.6	40.7%
EBIT (BNRI)	15.0	736.9	4801.8%	722.1	4703.6%
EBITDA (BNRI)	1,119.5	1,767.9	57.9%	1,705.6	52.4%
Net Income/(Loss)**	-171.1	702.5	n.m.	713.7	n.m.
			<b>Change (bps)</b>		<b>Change (bps)</b>
Gross Profit Margin	38.1%	41.4%	328	41.4%	328
EBIT (BNRI) Margin	0.2%	6.7%	648	6.5%	635
EBITDA (BNRI) Margin	13.1%	16.0%	287	15.4%	230
Net Income Margin**	-2.0%	6.3%	835	6.4%	845

Turkey Beer (TL mn)	FY2018 Reclassified***	FY2019	Proforma Change %	FY2019 (excl. IFRS 16)	Proforma Change % (excl. IFRS 16)
Volume (mhl)	5.7	5.4	-5.2%	5.4	-5.2%
Net Sales	1,869.5	2,254.5	20.6%	2,254.5	20.6%
Gross Profit	1,053.9	1,222.0	16.0%	1,222.0	16.0%
EBIT (BNRI)	200.5	155.5	-22.5%	147.0	-26.7%
EBITDA (BNRI)	397.3	391.0	-1.6%	358.9	-9.7%
			<b>Change (bps)</b>		<b>Change (bps)</b>
Gross Profit Margin	56.4%	54.2%	-217	54.2%	-217
EBIT (BNRI) Margin	10.7%	6.9%	-383	6.5%	-421
EBITDA (BNRI) Margin	21.2%	17.3%	-391	15.9%	-533

International Beer Operations EBI (TL mn)	FY2018 Proforma & Restated*	FY2019	Proforma Change %	FY2019 (excl. IFRS 16)	Proforma Change % (excl. IFRS 16)
Volume (mhl)	28.5	30.8	8.1%	30.8	8.1%
Net Sales	6,632.6	8,765.2	32.2%	8,765.2	32.2%
Gross Profit	2,162.5	3,305.1	52.8%	3,305.0	52.8%
EBIT (BNRI)	-142.3	640.5	n.m.	634.3	n.m.
EBITDA (BNRI)	762.1	1,432.7	88.0%	1,402.5	84.0%
			<b>Change (bps)</b>		<b>Change (bps)</b>
Gross Profit Margin	32.6%	37.7%	510	37.7%	510
EBIT (BNRI) Margin	-2.1%	7.3%	945	7.2%	938
EBITDA (BNRI) Margin	11.5%	16.3%	486	16.0%	451

CCI (TL mn)	FY2018	FY2019	Proforma Change %
Volume (mn u/c)	1,314.9	1,316.3	0.1%
Net Sales	10,623.4	12,245.0	15.3%
Gross Profit	3,527.1	4,206.6	19.3%
EBIT	1,268.5	1,521.2	19.9%
EBITDA	1,919.0	2,282.7	19.0%
Net Income/(Loss)**	321.2	965.8	200.7%
			<b>Change (bps)</b>
Gross Profit Margin	33.2%	34.4%	115
EBIT Margin	11.9%	12.4%	48
EBITDA Margin	18.1%	18.6%	58
Net Income Margin**	3.0%	7.9%	486

\*2018 Proforma figures assume realization of ABI Efes JV as of January 1<sup>st</sup> 2018 (instead of actual April 1<sup>st</sup>). Therefore proforma 2018 restated results include 12 months of operation of combined business. In addition to actual results, FY2018 figures also include the incremental depreciation charge in FY2019 which is a result of the revaluation of fixed assets following the merger in Russia & Ukraine as required by IFRS 3.

\*\* Net income attributable to shareholders

\*\*\*In 2018, there has been a reallocation of certain "other income/expense" items within Beer Group without affecting consolidated profitability. Therefore, FY2018 numbers are reclassified accordingly.

Within the scope of IFRS 15 "Revenue from Customer Contracts" standard, service fees received from customers which were previously recognized in sales and marketing expense are now recorded under sales discount account. In order to give consistent and like-for-like figures, FY2018 are restated as well.

In FY2018, in CCI, service fees received from customers amounting to 141 million TL are now classified as sales discounts rather than sales and marketing expenses. Likewise, in beer group, service fees received from customers amounting to 310 million TL in FY2018 on a proforma basis are now classified as sales discounts rather than sales and marketing expenses.

## MANAGEMENT'S FINANCIAL REVIEW AND EXPECTATIONS

### OPERATIONAL PERFORMANCE - ANADOLU EFES CONSOLIDATED

AEFES Consolidated (TL mn)	Proforma & Restated*					Proforma & Restated*				
	4Q2018	4Q2019	% Change	4Q2019 (excl. IFRS 16)	% Change (excl. IFRS 16)	FY2018	FY2019	% Change	FY2019 (excl. IFRS 16)	% Change (excl. IFRS 16)
Volume (mhl)	21.2	21.7	2.4%	21.7	2.4%	108.8	110.9	1.9%	110.9	1.9%
Net Sales	4,325.6	5,082.4	17.5%	5,082.4	17.5%	19,164.4	23,313.8	21.7%	23,313.8	21.7%
Gross Profit	1,469.5	1,996.4	35.9%	1,996.2	35.8%	6,777.8	8,782.0	29.6%	8,781.5	29.6%
EBIT (BNRI)	120.6	409.8	239.7%	400.3	231.9%	1,256.5	2,245.9	78.7%	2,213.7	76.2%
EBITDA (BNRI)	585.9	861.8	47.1%	821.0	40.1%	2,990.0	4,050.6	35.5%	3,921.6	31.2%
Net Income/(Loss)**	117.5	183.3	56.0%	188.0	60.1%	-124.0	1,021.5	n.m.	1,034.1	n.m.
			<b>Change (bps)</b>					<b>Change (bps)</b>		
Gross Profit Margin	34.0%	39.3%	531	39.3%	531	35.4%	37.7%	230	37.7%	230
EBIT (BNRI) Margin	2.8%	8.1%	527	7.9%	509	6.6%	9.6%	308	9.5%	294
EBITDA (BNRI) Margin	13.5%	17.0%	341	16.2%	261	15.6%	17.4%	177	16.8%	122
Net Income Margin**	2.7%	3.6%	89	3.7%	98	-0.6%	4.4%	503	4.4%	508

\*2018 Proforma figures assume realization of ABI Efes JV as of January 1<sup>st</sup> 2018 (instead of actual April 1<sup>st</sup>). Therefore proforma 2018 restated results include 9 months of operation of combined business. In addition to actual results, FY2018 figures also include the incremental depreciation charge in FY2019 which is a result of the revaluation of fixed assets following the merger in Russia & Ukraine as required by IFRS 3.

\*\*Net income attributable to shareholders

Anadolu Efes' **consolidated sales volume** recorded 2.4% growth in the last quarter of the year, mainly led by the robust performance in international beer operations, which posted a y-o-y growth of 7.2% in 4Q2019 as well as solid volume growth delivered in Turkey soft drink operations. Accordingly, in FY2019, Anadolu Efes' consolidated sales volume reached 110.9 mhl with 1.9% y-o-y increase, in line with our guidance of low-to-mid single digit growth.

**Consolidated net sales revenue** was up by 17.5% to 5,082.4 million in 4Q2019 versus the same period of last year. In FY2019, sales revenue reached TL 23,313.8 million with 21.7% y-o-y increase, outperforming volume growth in line with our guidance. This is as a result of higher average prices per hl which is driven by favorable mix and price increases in all business units together with higher volumes in international beer.

**Consolidated EBITDA (BNRI)** reached TL 821.0 million in 4Q2019 with a y-o-y increase of 40.1% and a margin improvement of 261 bps, thanks to the robust operational performance in international beer and soft drinks in the period. Accordingly, in FY2019, EBITDA (BNRI) reached TL 3,921.6 million with an increase of 31.2%. EBITDA margin expanded by 122 bps to 16.8% in FY2019, outperforming our flat margin guidance.

Anadolu Efes recorded TL 188.0 million **net income** in 4Q2019 compared to TL 117.5 million in 4Q2018. Anadolu Efes' bottomline is positively impacted by the improvement in absolute operational profitability as well as one-off gains such as the sale of Istanbul Brewery land in Turkey. Net financial expenses in FY2019 was TL 710.9 million compared to TL 305.7 million a year ago. This was mainly driven by higher interest expenses due to the restructuring of the debt in Russian

beer operations. Net income reached TL 1,034.1 million in FY2019 with a significant improvement from a net loss of TL 124.0 million in FY2018.

Anadolu Efes' recorded very strong Free Cash Flow in FY2019. **Free cash flow** reached TL 2,335.4 million, benefitting from higher operational profitability, significant improvement in working capital in all business lines, prudent capex spending as well as one-off items like the sale of idle assets. As a result, consolidated **Net Debt to EBITDA (BNRI)** was recorded at 1.0x as of December 31, 2019.

## OPERATIONAL PERFORMANCE - BEER GROUP

## TURKEY BEER OPERATIONS

Turkey Beer (TL mn)	Reclassified*					Reclassified*				
	4Q2018	4Q2019	% Change	4Q2019 (excl. IFRS 16)	% Change (excl. IFRS 16)	FY2018	FY2019	% Change	FY2019 (excl. IFRS 16)	% Change (excl. IFRS 16)
Volume (mhl)	1.4	1.3	-7.1%	1.3	-7.1%	5.7	5.4	-5.2%	5.4	-5.2%
Net Sales	526.5	593.9	12.8%	593.9	12.8%	1,869.5	2,254.5	20.6%	2,254.5	20.6%
Gross Profit	302.4	337.3	11.5%	337.3	11.5%	1,053.9	1,222.0	16.0%	1,222.0	16.0%
EBIT (BNRI)	57.7	53.3	-7.5%	49.0	-15.0%	200.5	155.5	-22.5%	147.0	-26.7%
EBITDA (BNRI)	107.3	118.1	10.0%	107.1	-0.2%	397.3	391.0	-1.6%	358.9	-9.7%
	Change (bps)					Change (bps)				
Gross Profit Margin	57.4%	56.8%	-64	56.8%	-64	56.4%	54.2%	-217	54.2%	-217
EBIT (BNRI) Margin	11.0%	9.0%	-198	8.3%	-270	10.7%	6.9%	-383	6.5%	-421
EBITDA (BNRI) Margin	20.4%	19.9%	-51	18.0%	-235	21.2%	17.3%	-391	15.9%	-533

\*In 2018, there has been a reallocation of certain "other income/expense" items within Beer Group without affecting consolidated profitability. Therefore, 4Q2018 and FY2018 numbers are reclassified accordingly.

\*\*Net income attributable to shareholders

**Turkey beer total sales volume** was realized at 1.3 mhl in 4Q2019, down 7.1% compared to 4Q2018. As a result, Turkey beer total sales volume; including exports, was at 5.4 mhl in FY2019, down 5.2% y-o-y, in line with our expectation of mid-single digit decline.

All FMCG sectors continued to be under the pressure in the quarter, negatively impacted by the weak demand driven by macro dynamics and the low consumer confidence. The beer market is estimated to have declined mid-single digit in FY2019, higher than the contraction in overall FMCG due to low affordability.

Turkey beer operation's **net sales revenue** per hl was up by 21% y-o-y in 4Q2019, as a result of price increases made through the year. Despite volume decline, net sales revenue increased by 12.8% and reached TL 593.9 million in the quarter taking full year net sales revenues up to TL 2,254.5 million with an y-o-y increase of 20.6%.

Turkey beer operation's **gross profit** increased by 11.5% to TL 337.3 million in 4Q2019 with a margin of 56.8%. 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 cost of sales during the year. Even though ca. 90% of the FX exposure in Turkey's P&L was hedged at lower rates than the spot,

higher hedge rates year on year also had some negative impact. Gross profit in FY2019 increased by 16.0% y-o-y to TL 1,222.0 million, with a margin of 54.2%, down 217 bps.

In addition to the increase in cost of sales, the increase in operating expenses in 4Q2019 versus the same period of last year was 16.3%. The increase was mostly driven from sales and marketing expenses related to higher investments in brands and portfolio including events and festivals in order to increase our touch with consumers. As a result, in 4Q2019, **EBITDA** was TL 107.1 million with a margin of 18.0%. In FY2019, EBITDA was recorded TL 358.9 million yielding an EBITDA margin of 15.9%.

## MANAGEMENT'S FINANCIAL REVIEW AND EXPECTATIONS

### INTERNATIONAL BEER OPERATIONS

International Beer (TL mn)	Proforma & Restated*					Proforma & Restated*				
	4Q2018	4Q2019	% Change	4Q2019 (excl. IFRS 16)	% Change (excl. IFRS 16)	FY2018	FY2019	% Change	FY2019 (excl. IFRS 16)	% Change (excl. IFRS 16)
Volume (mhl)	6.8	7.3	7.2%	7.3	7.2%	28.5	30.8	8.1%	30.8	8.1%
Net Sales	1,788.4	2,258.8	26.3%	2,258.8	26.3%	6,632.6	8,765.2	32.2%	8,765.2	32.2%
Gross Profit	584.7	885.4	51.4%	885.2	51.4%	2,162.5	3,305.1	52.8%	3,305.0	52.8%
EBIT (BNRI)	107.5	309.6	187.9%	307.8	186.2%	-142.3	640.5	n.m.	634.3	n.m.
EBITDA (BNRI)	354.2	509.5	43.8%	500.8	41.4%	762.1	1,432.7	88.0%	1,402.5	84.0%
	Change (bps)					Change (bps)				
Gross Profit Margin	32.7%	39.2%	651	39.2%	650	32.6%	37.7%	510	37.7%	510
EBIT (BNRI) Margin	6.0%	13.7%	769	13.6%	762	-2.1%	7.3%	945	7.2%	938
EBITDA (BNRI) Margin	19.8%	22.6%	275	22.2%	237	11.5%	16.3%	486	16.0%	451

\*2018 Proforma figures assume realization of ABI Efes JV as of January 1<sup>st</sup> 2018 (instead of actual April 1<sup>st</sup>). Therefore proforma 2018 restated results include 12 months of operation of combined business. In addition to actual results, FY2018 figures also include the incremental depreciation charge in FY2019 which is a result of the revaluation of fixed assets following the merger in Russia & Ukraine as required by IFRS 3.

**International Beer Operation's consolidated sales volume** reached 7.3 mhl in 4Q2019, with a y-o-y increase of 7.2%. The robust performance in the quarter is attributable to Russia and Ukraine where Georgia also positively contributed to the growth in 4Q. Accordingly, in FY2019, international beer operation's sales volume grew by 8.1% to 30.8 mhl.

**Russian** beer market was almost flat in FY2019 compared to a year ago. Despite a challenging 3<sup>rd</sup> quarter in the market, beer volumes slightly recovered and posted growth in the 4<sup>th</sup> quarter. In FY2019, our growth on a y-o-y basis was high-single digit in Russia, leading to market share gains. Our strong performance in Russia is attributable not only to successful integration of the JV after closing, but also to our focus on net revenue growth.

**Ukrainian** beer industry was almost flat meanwhile we outperformed the market and grew by low-double digits in FY2019.

Successful launch of Efes brands, such as Bely Medved, Staryi Melnyk iz Dzhky and Velkopopovický Kozel assisted in the market outperformance during the year.

The market in **Kazakhstan** in FY2019 is estimated to be flat. We were able to deliver almost flat volumes with sustained market share, despite macro challenges as well as increased competition in the market. Visibility activations in all sales channels, new launches together with special packages offered to consumers with extended quality focus helped our performance during the year. **In our other international beer operations**, the markets are estimated to be up by low-single digits, where we continued our leadership with high brand focus, new launches especially in core brands and higher penetration.

**Net sales revenue** of international beer operations increased by 26.3% in 4Q2019 and reached TL 2,258.8 million. Higher prices per hl in all operations driven by price increases,

premiumization as well as, positive translation impact and higher volumes led net sales revenue to rise by 32.2% to TL 8,765.2 million in FY2019.

International beer operation's **gross profit** was up by 51.4% to TL 885.2 million in 4Q2019, benefitting from operating leverage with strong volume growth, with positive brand mix and synergy generation. As a result, in FY2019, gross profit rose by 52.8% and reached TL 3,305.0 million with 37.7% margin, up 510 bps y-o-y.

International beer operation's **consolidated EBITDA (BNRI)** was TL 500.8 million in 4Q2019 and TL 1,402.5 million in FY2019 with respective EBITDA (BNRI) margins of 22.2% and 16.0%. EBI's EBITDA margin was positively impacted by the improvement in gross margin, synergies generated in operating expenses as well as savings in G&A.

## OPERATIONAL PERFORMANCE - SOFT DRINK GROUP

### BURAK BAŞARIR, CHIEF EXECUTIVE OFFICER OF COCA-COLA İÇECEK COMMENTS

We are pleased to maintain our quality growth algorithm in the third consecutive year, despite significant headwinds in our largest markets. We continued to grow and maintain market share in the majority of our markets with our strong portfolio of brands and excellence in execution. Coca-Cola brand grew by 3% and the share of immediate consumption ('IC') packages increased further on a consolidated basis. Our revenue growth management initiatives continue to deliver solid results enhancing our value generation. Having delivered our guidance with double-digit revenue growth and EBITDA margin expansion, a record high free cash flow also marked the year 2019.

Turkey operation performed better than our expectations despite weak consumer confidence throughout the year and adverse weather conditions in the high season. Increasing portfolio availability in growing channels enabled us to deliver volume growth in a challenging market. Our core business

performed well as the Sparkling category continued to grow with increasing share of IC packages. We recorded another year of quality growth in Turkey through price and sales mix initiatives.

Pakistan, our second largest market, remained under pressure due to weak macroeconomic backdrop. Slowdown in overall Sparkling market and higher cost of doing business had an adverse impact on financial performance in 2019. Nevertheless, we remain focused on improving our commercial capabilities and increased our sparkling market share in a declining market. We plan to further implement our revenue growth management initiatives in the country to drive profitability, going forward.

In the Middle East, Iraq operation was able to deliver growth despite the political unrest in the last quarter which led to some slowdown. New production lines in Hilla plant, our focus on core sparkling category and route-to-market restructuring supported our performance in the country.

Central Asia operations delivered another year of strong performance. All markets delivered double-digit growth except for Turkmenistan

where currency conversion problem persists. Value share gains in all markets and strong volume growth also translated into a solid financial performance in the region.

The solid results despite all the challenges reflect the fundamental changes we are making in our business with a lot of focus on portfolio architecture, data-led insights and increased efficiency at all levels.

Consumers are at the heart of our business and we prioritize meeting consumer demands with great agility while not neglecting the social and environmental sustainability of our business. Looking ahead at 2020, we plan to maintain our quality growth algorithm through healthy topline growth and disciplined cost management. We will continue to focus on strong balance sheet and free cash flow generation while improving return on invested capital. We do realize that our operating environment will continue to be open to new risks and further volatilities, however we are taking precautions to be as efficient, as effective and as prudent as possible with increased immunity to weather challenges.

Coca-Cola İçecek (TL mn)	4Q2018	4Q2019	% change	FY2018	FY2019	% change
Volume (mn u/c)	228.5	230.0	0.8%	1,314.9	1,316.3	0.1%
Net Sales	2,001.4	2,219.8	10.9%	10,623.4	12,245.0	15.3%
Gross Profit	573.3	770.7	34.4%	3,527.1	4,206.6	19.3%
EBIT	-13.0	86.2	n.m.	1,268.5	1,521.2	19.9%
EBITDA	159.9	269.6	68.6%	1,919.0	2,282.7	19.0%
Net Income/(Loss)*	155.8	0.6	-99.6%	321.2	965.8	200.7%
			<b>Change (bps)</b>			<b>Change (bps)</b>
Gross Profit Margin	28.6%	34.7%	607	33.2%	34.4%	115
EBIT Margin	-0.6%	3.9%	453	11.9%	12.4%	48
EBITDA Margin	8.0%	12.1%	416	18.1%	18.6%	58
Net Income Margin*	7.8%	0.0%	-776	3.0%	7.9%	486

\* Net income attributable to shareholders

## MANAGEMENT'S FINANCIAL REVIEW AND EXPECTATIONS

### OUTLOOK

For comparability purposes 2019 figures to be used as the base for 2020 guidance is excluding NARTD Tea as for CCI and Anadolu Efes consolidated.

	FY2109	FY2019		FY2109	FY2019
AEFES Consolidated	Reported	wo NRTD Tea	CCI	Reported	wo NRTD Tea
Volume mhl	111	105	Volume mhl	1,316	1,207
Net Revenue	23,314	23,077	Net Revenue	12,245	12,008
EBITDA (BNRI)	4,051	4,047	EBITDA (BNRI)	2,283	2,279
EBITDA (BNRI) Margin	17.4%	17.5%	EBITDA (BNRI) Margin	18.6%	19.0%

**Consolidated sales volume** is expected to grow by low-to-mid-single digit

**Total Beer volume** is to grow by low-to-mid single digit

**Turkey beer sales volume** is expected to be flat

**Russian beer sales volume** is estimated to grow by low-to-mid single digit while outperforming the market. The competitive environment became tougher within the last year and we expect this trend to continue.

**International beer sales volume** is expected to grow by low-to-mid single digit with the positive contribution of all international operations

**Consolidated Soft Drinks sales volume:** 3-4% growth

**Turkey soft drinks:** Flattish

**International soft drinks:** Mid-single digit growth

**Consolidated Net Sales Revenue** is expected grow low-teens on FX-Neutral basis, supported by all business lines

**Total Beer revenue** is expected to grow by low-teens on FX-Neutral basis, benefitting from both Turkey and international beer

**Turkey Beer Revenue** is expected to grow by high-teens attributable to favorable product mix and price increases

**International Beer Revenue** is expected to increase by low-teens on FX-Neutral basis, driven by higher volume growth, price increases and portfolio mix

**Total Soft Drinks:** 15-18% growth on a consolidated basis (FX-neutral)

**Consolidated EBITDA Margin** is expected to be flat

**Total Beer EBITDA margin** is expected to be flat or to slightly improve

**Turkey Beer EBITDA margin** is expected to be flat or to slightly decline due to the lack of price increase at the beginning of the year where the impact of cost inflation to be covered with a lag.

**International Beer EBITDA margin** is expected to improve which is predominantly attributable to the margin improvement in Russia and Ukraine where we will benefit from scale and portfolio

**Total Soft Drinks EBITDA margin:** Circa 100 bps improvement without the impact of cash designation and slight decline on a reported basis

**Capex:** As a percentage of sales, high single digits on a consolidated basis

**FCF:** Continue to deliver strong FCF in both beer and soft drinks, yet lower compared to 2019 due to the cycling effects of a very strong base.

\*2020 outlook reflects management expectations and are based upon currently available data. Actual results are subject to future events and uncertainties including but not limited to macro-economic, financial, geopolitical and political risks, which could materially impact the Company's actual performance.

## ANADOLU EFES CONSOLIDATED FINANCIAL PERFORMANCE

EBITDA (TL mn)	FY2018 Proforma Restated	FY2019
Profit/loss from Operations	1,165.3	2,233.7
Depreciation and amortization	1,637.4	1,743.3
Provision for retirement pay liability	36.6	53.7
Provision for vacation pay liability	14.1	13.9
Foreign exchange gain/loss from operating activities	38.1	-8.5
Rediscount interest income/expense from operating activities	1.6	-2.8
Other	5.7	5.2
<b>EBITDA</b>	<b>2,898.8</b>	<b>4,038.5</b>

<b>EBITDA (BNRI*)</b>	<b>2,990.0</b>	<b>4,050.6</b>
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\* Non-recurring items amounted to TRL 91.2 million in FY2018 and TRL 12.1 million in FY2019

Financial Income / (Expense) Breakdown (TL mn)	FY2018	FY2019
Interest income	296.0	275.6
Interest expense	-559.8	-589.8
Foreign exchange gain /(loss)	-681.9	-141.3
Other financial expenses (net)	-42.6	-101.3
Gain/(loss) on derivative transactions	29.7	-295.5
<b>Net Financial Income /(Expense)</b>	<b>-958.6</b>	<b>-852.2</b>

Free Cash Flow (TL mn)	FY2018	FY2019
EBITDA	2,954.8	4,038.5
Change in Working Capital	150.7	841.1
Income Taxes & Employee Benefits Paid	-239.7	-527.7
CAPEX, net	-1,493.3	-1,412.0
Net Financial Income /(Expense)	-318.8	-604.4
<b>FCF</b>	<b>1,053.7</b>	<b>2,335.4</b>
Other investing activities (Acquisitions, Disposals, Minority Buy-Out and Share Capital Increases)	131.4	-114.2
<b>FCF (after investing activities)</b>	<b>1,185.1</b>	<b>2,221.2</b>

As of the end of 2019	Consolidated Gross Debt	Cash & Cash Equivalents	Net Cash/(Debt) Position
AEFES Consolidated (TL mn)	10,103.8	6,195.0	-3,908.8
Beer Group (TL mn)	4,837.0	3,262.2	-1,574.7
Turkey Beer (TL mn)	3,637.8	1,032.0	-2,605.8
EBI (TL mn)	1,199.2	2,214.0	1,014.8
CCI (TL mn)	5,266.9	2,932.8	-2,334.1

Net Debt / EBITDA (BNRI)	FY2018 Proforma Restated	2019
Anadolu Efes Consolidated	1.5	1.0
Beer Group	1.6	0.9

## MANAGEMENT'S FINANCIAL REVIEW AND EXPECTATIONS

ANADOLU EFES  
CONSOLIDATED INCOME STATEMENTS FOR THE TWELVE-MONTHS PERIOD ENDED 31.12.2018 AND 31.12.2019  
PREPARED IN ACCORDANCE WITH IFRS AS PER CMB REGULATIONS (TL MN)

	Proforma & Restated	
	2018/12	2019/12
<b>SALES VOLUME (mhl)</b>	108.8	110.9
<b>SALES REVENUE</b>	19,164.4	23,313.9
Cost of Sales (-)	-12,386.7	-14,531.8
<b>GROSS PROFIT FROM OPERATIONS</b>	6,777.8	8,782.0
Selling, Distribution and Marketing Expenses (-)	-4,108.3	-4,930.4
General and Administrative Expenses (-)	-1,671.0	-1,770.7
Other Operating Income /Expense (net)	166.9	152.8
<b>EBIT (BNRI)*</b>	1,256.5	2,245.9
Income /Expense From Investing Activities (net)	42.6	687.6
Income / (Loss) from Associates	-81.1	-123.7
<b>OPERATING PROFIT BEFORE FINANCE INCOME/(EXPENSE)</b>	1,126.9	2,797.6
Financial Income / Expense (net)	-987.7	-852.2
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>	139.2	1,945.5
Continuing Operations Tax Income/(Expense)		
- Current Period Tax Expense (-) / Income	-233.2	-450.7
- Deferred Tax Expense (-) / Income	-32.2	-198.8
<b>INCOME/(LOSS) FOR THE PERIOD</b>	-126.2	1,295.9
Attributable to:		
Non-Controlling Interest	-2.2	274.4
<b>EQUITY HOLDERS OF THE PARENT</b>	-124.0	1,021.5
<b>EBITDA (BNRI)*</b>	2,990.0	4,050.6

\*Non-recurring items amounted to TL 91.2 million in FY2018 and TL 12.1 million in FY2019.  
Note: EBITDA comprises of Profit from Operations, depreciation and other relevant non-cash items up to Profit From Operations.

ANADOLU EFES  
CONSOLIDATED BALANCE SHEETS AS OF 31.12.2018 AND 31.12.2019  
PREPARED IN ACCORDANCE WITH IFRS AS PER CMB REGULATIONS (TL MN)

	Restated*	
	2018/12	2019/12
Cash & Cash Equivalents	4,770.1	5,814.7
Financial Investments	21.2	380.3
Derivative Instruments	0.0	3.5
Trade Receivables from Third Parties	2,183.8	2,436.4
from Related Parties	230.0	290.8
Other Receivables	102.0	165.7
Inventories	1,943.1	2,257.5
Other Current Assets	1,104.6	1,335.1
<b>TOTAL CURRENT ASSETS</b>	<b>10,354.7</b>	<b>12,684.0</b>
Other Receivables	52.9	76.7
Financial Investments	0.8	0.8
Investments in Associates	71.2	62.0
Property, Plant and Equipment (incl. inv properties)	10,866.8	12,151.7
Other Intangible Assets	14,343.5	16,302.8
Goodwill	2,613.0	3,221.4
Deferred Tax Assets	675.4	694.5
Non current derivative financial instruments (asset)	47.0	0.0
Other Non-Current Assets	409.9	762.7
<b>TOTAL NON-CURRENT ASSETS</b>	<b>29,080.5</b>	<b>33,272.5</b>
<b>TOTAL ASSETS</b>	<b>39,435.3</b>	<b>45,956.5</b>
	Restated*	
	2018/12	2019/12
Current portion of long term borrowings	1,522.6	1,408.6
Short-term Borrowings	830.7	757.3
Current portion of term lease obligations (IFRS 16)	1.8	130.7
Derivative Instruments	29.8	13.4
Current Trade Payables to Third Parties	3,318.0	4,807.4
to Related Parties	282.6	486.3
Other Current Payables	1,472.4	1,423.1
Provision for Corporate Tax	17.1	29.7
Provisions	194.8	174.1
Other Liabilities	235.9	338.9
<b>TOTAL CURRENT LIABILITIES</b>	<b>7,905.8</b>	<b>9,569.5</b>
Long-term Borrowings	6,871.2	7,938.0
Long term lease obligations (IFRS 16)	2.3	315.5
Non Current Trade Payables	44.2	10.9
Other Non Current Payables	391.4	473.5
Deferred Tax Liability	2,741.6	3,073.3
Other Non Current Liabilities	350.7	402.4
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>10,401.4</b>	<b>12,213.4</b>
<b>TOTAL EQUITY</b>	<b>21,128.1</b>	<b>24,173.5</b>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>	<b>39,435.3</b>	<b>45,956.5</b>

Note 1: "Financial Investments" in Current Assets includes the time deposits with a original maturity more than three months.

\* In the scope of IFRS 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 recognized as of March 31, 2018. Accordingly, consolidated financial statements as of December 31, 2018 which has been prepared by recognizing provisional goodwill has been restated. According to the restatement, fair value of the "Inventory", "Property, Plant and Equipment", "Intangible Assets", "Deferred Tax Asset", "Other Liabilities" and "Deferred Tax Liabilities" has been changed. The abovementioned items and "Currency Translation Differences", "Current Period Net Profit or Losses" and "Non-Controlling Interests" has been restated in the consolidated financial statements as of December 31, 2018.

## MANAGEMENT'S FINANCIAL REVIEW AND EXPECTATIONS

### BEER GROUP

CONSOLIDATED INCOME STATEMENTS FOR THE TWELVE-MONTHS PERIOD ENDED 31.12.2018 AND 31.12.2019

PREPARED IN ACCORDANCE WITH IFRS AS PER CMB REGULATIONS (TL MN)

	Proforma & Restated	
	2018/12	2019/12
Sales Volume (mhl)	34.2	36.2
Sales Revenue	8,541.4	11,069.0
Cost of Sales (-)	-5,285.2	-6,486.2
Gross Profit From Operations	3,256.2	4,582.8
EBIT (BNRI)*	15.0	736.9
Operating Profit Before Finance Income/(Expense)	6.3	1,462.4
Profit Before Tax From Continuing Operations	-292.6	945.0
<b>Income/(Loss) For The Period</b>	<b>-364.7</b>	<b>534.6</b>
Equity Holders Of The Parent	-171.1	702.5
<b>EBITDA (BNRI)*</b>	<b>1,119.5</b>	<b>1,767.9</b>

\*Non-recurring items amounted to TL 91.2 million in FY2018 and TL 12.1 million in FY2019.

Note: EBITDA comprises of Profit from Operations, depreciation and other relevant non-cash items up to Profit From Operations

BEER GROUP

CONSOLIDATED BALANCE SHEETS AS OF 31.12.2018 AND 31.12.2019

PREPARED IN ACCORDANCE WITH IFRS AS PER CMB REGULATIONS (TL MN)

	Restated*	
	2018/12	2019/12
Cash & Cash Equivalents	2,480.3	2,991.9
Financial Investments	0.0	270.3
Derivative Instruments	0.0	0.0
Trade Receivables	1,663.9	1,818.0
Other Receivables	70.9	138.6
Inventories	1,139.3	1,386.0
Other Current Assets	465.2	614.7
<b>TOTAL CURRENT ASSETS</b>	<b>5,819.6</b>	<b>7,219.5</b>
Trade Receivables	1.4	1.6
Financial Investments	0.8	0.8
Investments in Associates	668.7	659.5
Property, Plant and Equipment (incl. inv properties)	4,138.3	5,025.1
Other Intangible Assets	5,065.7	6,325.9
Goodwill	1,774.9	2,358.8
Deferred Tax Assets	656.9	583.3
Other Non-Current Assets	211.2	361.4
<b>TOTAL NON-CURRENT ASSETS</b>	<b>12,517.9</b>	<b>15,316.5</b>
<b>TOTAL ASSETS</b>	<b>18,337.5</b>	<b>22,536.1</b>
Current portion of long term borrowings	816.2	412.3
Short-term Borrowings	620.3	311.9
Current portion of term lease obligations (IFRS 16)	0.0	89.8
Current Trade Payables	2,307.6	3,812.9
Other Current Payables	1,184.2	1,049.6
Provision for Corporate Tax	6.1	9.5
Provisions	136.6	115.6
Other Liabilities	168.0	242.6
<b>TOTAL CURRENT LIABILITIES</b>	<b>5,239.1</b>	<b>6,044.2</b>
Long-term Borrowings	2,848.7	4,112.8
Long term lease obligations (IFRS 16)	0.0	161.3
Other Non Current Payables	381.5	412.4
Deferred Tax Liability	1,000.1	1,223.3
Other Non Current Liabilities	77.2	80.4
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>4,307.5</b>	<b>5,990.2</b>
<b>TOTAL EQUITY</b>	<b>8,790.9</b>	<b>10,501.7</b>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>	<b>18,337.5</b>	<b>22,536.1</b>

\* In the scope of IFRS 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 recognized as of March 31, 2018. Accordingly, consolidated financial statements as of December 31, 2018 which has been prepared by recognizing provisional goodwill has been restated. According to the restatement, fair value of the "Inventory", "Property, Plant and Equipment", "Intangible Assets", "Deferred Tax Asset", "Other Liabilities" and "Deferred Tax Liabilities" has been changed. The abovementioned items and "Currency Translation Differences", "Current Period Net Profit or Losses" and "Non-Controlling Interests" has been restated in the consolidated financial statements as of December 31, 2018.

## MANAGEMENT'S FINANCIAL REVIEW AND EXPECTATIONS

SOFT DRINK OPERATIONS (CCI)  
CONSOLIDATED INCOME STATEMENTS FOR THE TWELVE-MONTHS PERIOD ENDED 31.12.2018 AND 31.12.2019  
PREPARED IN ACCORDANCE WITH IFRS AS PER CMB REGULATIONS (TL MN)

	2018/12*	2019/12
<b>SALES VOLUME (UC millions)</b>	1,314.9	1,316.3
<b>SALES REVENUE</b>	10,623.4	12,245.0
Cost of Sales (-)	-7,096.3	-8,038.4
<b>GROSS PROFIT FROM OPERATIONS</b>	3,527.1	4,206.6
Selling, Distribution and Marketing Expenses (-)	-1,856.7	-2,075.3
General and Administrative Expenses (-)	-440.9	-526.5
Other Operating Income /Expense (net)	39.1	-83.7
<b>EBIT</b>	1,268.5	1,521.2
Income /Expense From Investing Activities (net)	-9.3	3.0
Income / (Loss) from Associates	-0.9	-0.4
<b>OPERATING PROFIT BEFORE FINANCE INCOME/(EXPENSE)</b>	1,258.4	1,523.8
Financial Income/ Expenses (net)	-712.5	-334.9
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>	545.9	1,188.9
-Deferred Tax Income/(Expense)	-27.2	34.3
-Current Period Tax Expense	-167.3	-281.0
<b>INCOME/(LOSS) FOR THE PERIOD</b>	351.4	942.2
Non-Controlling Interest	-30.2	23.5
<b>EQUITY HOLDERS OF THE PARENT</b>	321.2	965.8
<b>EBITDA</b>	1,919.0	2,013.1

SOFT DRINK OPERATIONS (CCI)  
CONSOLIDATED BALANCE SHEETS AS OF 31.12.2018 AND 31.12.2019  
PREPARED IN ACCORDANCE WITH IFRS AS PER CMB REGULATIONS (TL MN)

	Restated*	
	2018/12	2019/12
Cash and Cash Equivalents	2,289.7	2,822.8
Investments in Securities	21.2	110.0
Derivative Financial Instruments	0.0	2.8
Trade Receivables	624.0	699.8
Due from related parties	126.6	209.8
Other Receivables	32.3	27.1
Inventories	804.0	871.6
Prepaid Expenses	191.1	231.0
Tax Related Current Assets	150.2	207.5
Other Current Assets	298.1	282.7
<b>TOTAL CURRENT ASSETS</b>	<b>4,537.2</b>	<b>5,464.9</b>
Other Non-Current Asset	0.6	0.0
Other Receivables	38.0	38.5
Right of Use Asset	131.4	194.4
Property, Plant and Equipment	6,489.1	6,899.2
Intangible Assets	1,869.4	2,174.4
Goodwill	819.4	843.8
Prepaid Expenses	258.5	243.4
Deferred Tax Asset	10.9	101.1
<b>TOTAL NON-CURRENT ASSETS</b>	<b>9,617.4</b>	<b>10,494.8</b>
<b>TOTAL ASSETS</b>	<b>14,154.6</b>	<b>15,959.8</b>
	Restated*	
	2018/12	2019/12
Short-term Borrowings	210.4	445.4
Current Portion of Long-term Borrowings	706.4	996.3
Financial lease payables	29.0	51.5
Trade Payables	966.2	1,044.1
Due to Related Parties	328.1	437.1
Payables Related to Employee Benefits	34.7	44.5
Other Payables	288.1	373.3
Provision for Corporate Tax	10.9	20.2
Provision for Employee Benefits	58.3	58.5
Other Current Liabilities	63.6	65.1
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,696.0</b>	<b>3,536.1</b>
Financial lease payables	136.0	173.1
Long-term Borrowings	4,022.5	3,825.2
Trade Payables & Due to Related Parties	47.0	66.2
Provision for Employee Benefits	82.5	118.4
Deferred Tax Liability	548.7	662.2
Other Non-Current Liabilities	198.0	209.2
Equity of the Parent	5,598.5	6,515.0
Minority Interest	825.5	854.3
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>5,034.0</b>	<b>5,054.3</b>
<b>TOTAL EQUITY</b>	<b>6,424.6</b>	<b>7,369.4</b>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>	<b>14,154.6</b>	<b>15,959.8</b>

Details about the restatement were explained in the footnote 2 of the financial statements.



## CUSTOMERS AND CONSUMERS



ENHANCING  
CUSTOMER  
DEALER  
ENGAGEMENT  
THROUGH **BETTER**  
COLLABORATION  
AN INNOVATIVE  
SOLUTIONS.

# SUSTAINABILITY BEER GROUP

Our Positive Impact Plan describes how we plan to create a better impact through an innovative approach, and by establishing collaborations and partnerships, and emphasizes our contribution to Sustainable Development Goals.

*\* Sustainability information in this report is compiled from Anadolu Efes 2018 Sustainability Report. The report containing 2019 data will be published in the second half of 2020.*

We deem the creation of a sustainable business model to be one of our most important responsibilities towards future generations. We have been publicly disclosing a transparent assessment of our operations' social, environmental, ethical and economic aspects in the Sustainability Reports we have been releasing uninterruptedly since 2010.

Our Positive Impact Plan that forms the basis of our sustainability strategy describes how we plan to create a better impact through an innovative approach, and by establishing collaborations and partnerships, and emphasizes our contribution to 2030 Sustainable Development Goals spelled out by the United Nations.

We are focusing on four main areas within the frame of our Positive Impact Plan. We are targeting to constantly increase this influence by making a positive impact in all of these four areas, which we defined as environment, society, employees, and value chain.

## SUSTAINABILITY MANAGEMENT

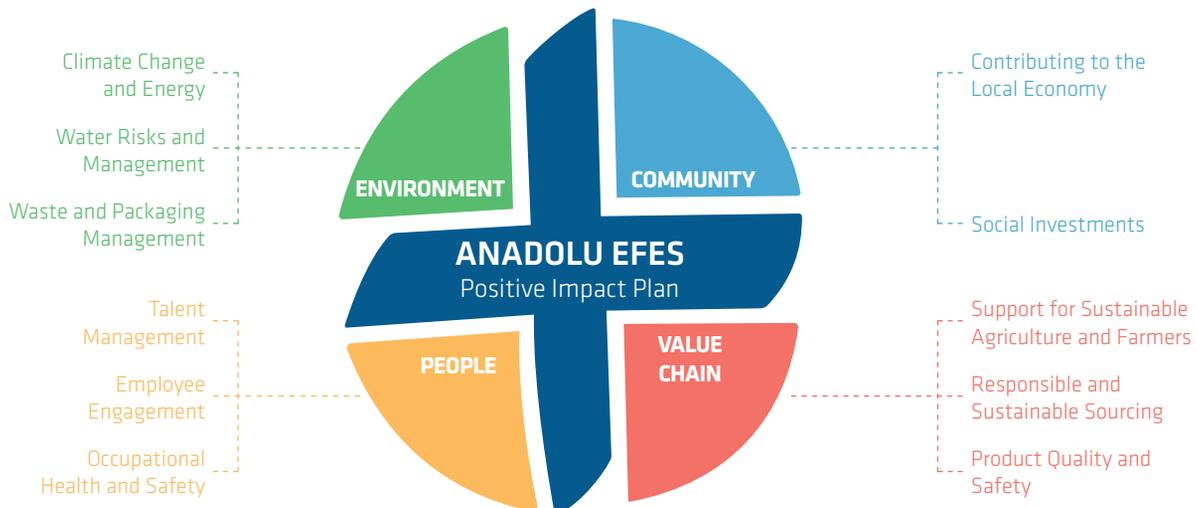
We manage the sustainability by extending to all our operations to create value via a Committee comprising representatives from the countries we operate in The Sustainability Committee and the Working Group sets the sustainability goals and performance indicators with the participation of all country directors under the management of the CEO.

## ENVIRONMENT

We obtain the majority of our main raw materials from nature. Global climate change brings risks closely associated with the agriculture and food industries in particular. By managing those risks, environmental sustainability plays an important role in both ensuring the continuity of our activities and protecting our heritage for future generations.

Tackling climate change, management of water risks and waste and packaging practices supporting the circular economy are our material areas under the environment heading.

## ANADOLU EFES POSITIVE IMPACT PLAN



We believe our employees greatly contribute to improving our environmental performance and creating awareness. In 2018, we provided 780.5 person/hour training to our employees on this topic.

**Climate Change and Energy Management**

We monitor the greenhouse gas emissions and the energy consumption values resulting from all our operations to ensure the sustainability of our business.

We identify all our processes that lead to high-energy consumption and implement projects, improving their performances accordingly.

By performing technical improvements in the processes, using smart systems for heating and lighting and the projects implemented for LED lighting transformation, we have achieved energy savings of 4.1 million MWh and financial savings of \$450,000 at the same 2018 period. We therefore prevented 101,000 tons of CO<sub>2</sub> emissions.

**Energy Efficiency in Coolers**

Our products are cooled at the consumption locations to serve consumers with the best-quality and ideal tasting conditions. We conduct the process of migration to

next-generation coolers to reduce energy consumption and increase performance. This is how we achieve 0.5 kWh saving per cooler annually.

**Water Risks and Management**

Our production processes, primarily barley and hops agriculture and packaging, are the processes that require huge amounts of water.

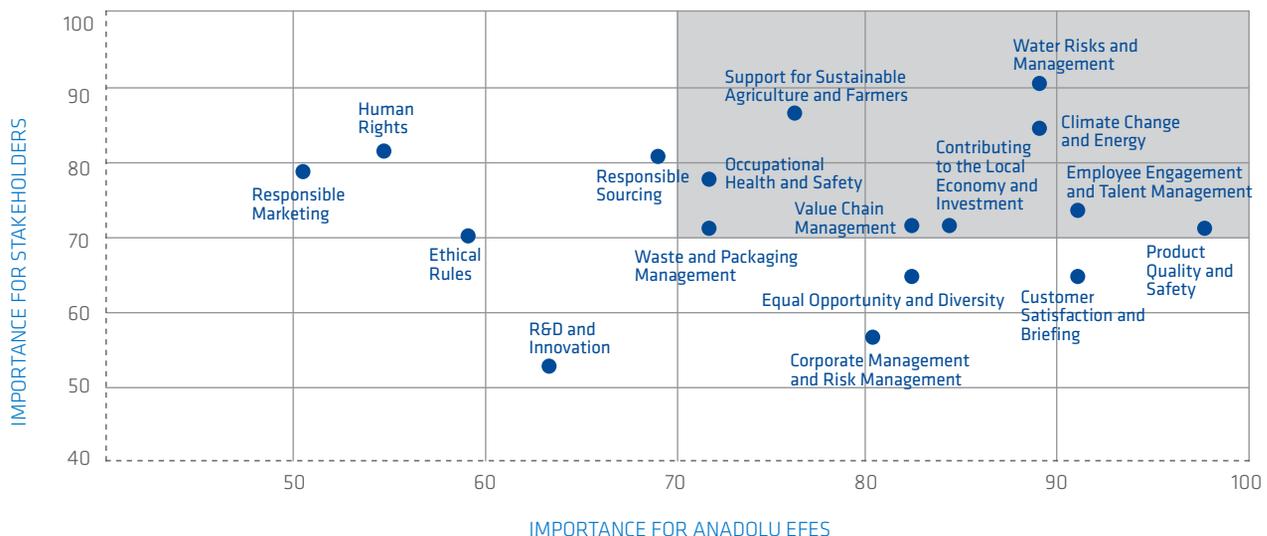
We consider the water management within the corporate risk management and set goals to take our performance to the next level. Water management is also a part of our executives' individual performance indicators.

In 2018, we achieved a total water saving of 308,000 m<sup>3</sup> through processes such as water recycling, the fixing of water leakages, recovery via reverse osmosis and the optimization of existing water lines. We also achieved a financial saving of USD 220,000.

We are signatory to the UNGC CEO Water Mandate initiative, which brings the business world leaders together to generate sustainable solutions in the area of water.



**MATERIALITY MATRIX**



## SUSTAINABILITY BEER GROUP

The jobs we create and local sourcing of raw materials make up the most of our contribution to the local economy.



### Waste and Packaging Management

We continue to work towards minimizing the impact created by our products along the value chain. On one hand, we work to reduce the emerging waste quantity; on the other hand, we aim to reduce the quantity of waste sent to landfills and other waste management facilities.

We reduce the packaging amount using innovative approaches to minimize the impact after consumption. Furthermore, we prefer to use reusable or recyclable packaging materials. We both limit our environmental impact and achieve financial savings by means of practices. This includes reducing the thickness of packaging and the optimization of pallets used to carry products.

### COMMUNITY

Anadolu Efes believes that long-term success lies in making contributions to the development of the community while growing. We create value through the social investments we make in the fields related to our activity areas, thereby expanding our area of influence.

Our goal is to play a role in ensuring the social welfare and securing the sustainability of our business. We use the global agenda as a basis in the projects we develop for social development. We also contribute to the SDGs.

### Contributing to the Local Economy

The jobs we create and local sourcing of raw materials make up the most of our contribution to the local economy. With our sustainable agriculture practices, we are aiming to contribute to R&D studies, provide training and funding support to our farmers, and expand the production and quality of our own barley and hop seeds. With our sustainable tourism project, we are aiming to unlock Turkey's tourism potential, create new jobs and support local

development. We care deeply about the youth and the future. This is why we are support the entrepreneurship ecosystem.

### The Future is in Tourism

We initiated the "Future is in Tourism" project in 2007 with the Ministry of Culture and Tourism and the United Nations Development Program (UNDP). Our aim was to utilize sustainable tourism as an alternative sustainable development tool, promote entrepreneurship in the development of local role models, and support tourism by bringing the public and private sectors, universities and nongovernment organizations together. In the first five years of the project, we focused on a tourism-based activity centered in the Çoruh Valley in Eastern Anatolia. Since 2013, we have provided funding for three projects every year as well as consultancy, mentorship and communications support and ensure the applicability and sustainability of the projects.

We supported 16 projects over a period of 11 years under the Future is in Tourism project. We reached out to nearly 200,000 people through the projects we supported and created direct or indirect employment for 300 women. Additionally, we supported 600 NGOs and collaborated with 23 universities.

### The Future is in Agriculture

We develop barley and hops seeds through the R&D works performed at our "Agricultural Product Development Department," which we established in 1982 under the Future is in Agriculture project. With the Future is in Agriculture project, we ensure the supply of agricultural raw materials sourced from local growers and develop drought-resistant products that require less water and energy consumption through R&D. As such, we aim to encourage eco-friendly agricultural practices that will enhance agricultural productivity.

We create value through the social investments we make in the fields related to our activity areas, thereby expanding our area of influence.

#### The Future is in Agriculture - Smart Agriculture project

We have launched the Smart Agriculture Project in collaboration with WWF Turkey in 2018 with the target of being the pioneering company producing its own raw materials by making use of smart agricultural practices in Turkey. Through our project, we are aiming to spread smart and ecological agricultural practices, and to encourage young people to get involved in agricultural production. Currently in pilot phase, our program is being implemented in an area equal to 150 football fields in total. As a result of our practices, we are observing enhanced quality and increased productivity of barley and hop, and that our farmers' lives are getting easier. Through agricultural practices employing the correct methods and correct quantities at the right times by making use of smart agricultural practices, we are preserving the health of the soil, and significantly contributing to the fight against climate crisis, which is probably the greatest issue of our day.

#### Future is in Entrepreneurship

As a company, we care deeply about the youth and the future. This is why we are involved in the entrepreneurship ecosystem. We support young working entrepreneurs, especially in that area.

We collaborated with İTÜ ARI and we are providing both funding and mentorship via volunteers from our employee body to entrepreneurs applying to İTÜ Çekirdek Early-Stage Incubation Center.

We have been in collaboration with Middle East Technical University Design Factory for the last two years and have worked with university students from different branches. In 2018, we ran a one-month innovation camp with students from different universities.

Envisioning the successful transformation of business ideas into reality to further our industry, we collaborated with İTÜ ARI. With the mentors selected from among our employees, we supported young entrepreneurs who applied to İTÜ Çekirdek. Smart Magnet, Intenseye and Levitate were selected from a pool of İTÜ Çekirdek applicants to receive the financial support of Anadolu Efes.

#### SOCIAL INVESTMENTS

##### Culture and Arts

We have continuously supported cinema for 33 years and performing arts for 28 years.

- We also sponsor the Sadri Alışık Stage and Screen Actors Awards, which is the only organization in Turkey to recognize stage and screen actors, since its inception.
- We established the Anadolu Efes Mavi Sahne platform in collaboration with DasDas to support theater companies with young stage actors as well as bring young theater fans together.
- With the contribution of Anadolu Efes, Berliner Ensemble, one of Europe's most important theater companies, gave theater fans two special performances on the World Theater Day.
- Within the scope of our collaboration with İKSV (İstanbul Foundation for Culture and Arts), we are extending support to the Theatre Festival, Film Festival and İstanbul Biennial. Within the scope of the Film Festival, we are the theme sponsor for the Turkish Cinema and National Competition sections.
- Following a 14-year break, esteemed actor Şener Şen has returned to the stage with the contributions of Anadolu Efes. He took to the stage in the "The Rich One's Kitchen", a classic of Turkish theater.

As a company that has always believed in the power of collaboration, we initiated the Smart Agriculture project in partnership with the WWF Turkey in 2018.



## SUSTAINABILITY BEER GROUP

### Sports

After winning the Presidency Cup in the beginning of the season, the Anadolu Efes Sports Club finished the Euroleague in second for the first time in the history of the Club. Anadolu Efes gave emphasis to the corporate social responsibility projects through sportive achievements and continued to implement the social responsibility projects within the Euroleague

### OUR EMPLOYEES

In line with our human resources mission, we offer a development-oriented, inclusive business environment built on equal opportunity and respect for diversity. We base our employee relationships on our Human Resources Policy, which, in turn, is founded on justice, equality and honesty. As a company operating in different countries, the Anadolu Efes Code of Business Conduct and Ethics guides us to conduct all our operations with an ethical and transparent management approach.

### Diversity

At Anadolu Efes, our goal is to provide our employees with a work environment based on equal opportunity and respect for diversity. As a signatory to the United Nations Global Compact and Women's Empowerment Principles (WEPS), we have committed ourselves to providing a fair and equitable working environment that respects human rights.

Of our 6,859 employees across different countries, 41% are blue-collar employees and 59% are white-collar employees.

- Our female employee rate has reached 26%. Our female employees fill 39% of managerial roles.
- Employees under collective agreement comprise 39% of our workforce.

### Talent Management

The core of our talent management approach is to build a teamwork-oriented, motivated, highly engaged and highly trained workforce that functions as a team with a focus on the company's strategic objectives.

We always strive to be the first and most preferred employer brand, focusing on the requirements of our industry and the different needs of our employees.

We assess the potential of all employees through talent and succession programs and build and update a talent succession map. This year's employee satisfaction score is 80.4, while the employee engagement score is 82.

### Employee Engagement

We have sped up our employee engagement efforts with our vision: "Our employees are key to creating sustainable success." Representing each region and consisting of volunteers, 15 Loyalty Ambassadors identified the areas of improvement by taking the opinions and suggestions of 272 employees with 23 focus groups. They then prepared their action plan.

We attach great importance to internal communication and adopt bidirectional communication methods to improve interdepartmental collaboration and flow of information within the company.

### Occupational Health And Safety

We work to manage our operations with zero occupational accidents and diseases. With the support of senior management, we aim to create a strong occupational health and safety culture with principles adopted and applied by all employees. In this context, we manage our OHS processes at 16 facilities in under the OHSAS 18001 Occupational Health and Safety Management Standard.

- We regularly train our employees and contractors (subcontractors) on OHS.
- In 2018, 42% of the training we provided for our employees consisted of OHS trainings.
- We have achieved a 50% reduction in accident frequency and 66% in lost days within the past three years.
- 'With the motto "My Friend is Under My Protection", we are implementing reward mechanisms to increase awareness of OHS among our employees. In 2018, we recorded 225 near-miss cases and made improvements.

### OUR VALUE CHAIN

As a company producing in 6 countries and exporting its products to more than 70 countries, we aim to have a positive impact on the large value chain that we manage. We implement joint projects to contribute to the development of the farmers, suppliers, dealers and distributors. We focus on product quality and safety to fulfill our responsibility and ensure our customers receive the best products.

### Support for Sustainable Agriculture and Farmers

Anadolu Efes ensures the long-term raw material supply, the business continuity and the needs of future generations by implementing sustainable agriculture practices. Furthermore, we have enabled farmers to adopt advanced agricultural practices and higher social and environmental standards. We provide training to farmers with the Contract Farming Model. We also improve their productivity through our certified seeds and contribute to the betterment of their welfare.

As a company producing in 6 countries and exporting its products to more than 70 countries, we aim to have a positive impact on the large value chain that we manage.

We have carried out R&D and innovation activities since 1982. This is to develop sustainable agricultural projects and to ensure the continuation of a raw material supply that meets the highest quality and safety standards. So far, we have developed and registered 17 barley and 7 hops seeds.

#### Contract Farming Model

We are growing the certified seeds on the lands of our contract farmers under the Contract Farming Model. We assure the productivity and the financial profitability of the farmers with this planned production. Anadolu Efes Turkey obtained nearly 70% of its barley need and nearly 60% of its hops need from domestic growers in 2018.

#### Responsible and Sustainable Sourcing

We enhance the positive impact we create in the value chain by contributing to the development of all suppliers, dealers and distributors and taking the working principles to higher standards. We work together with more than 8,600 suppliers and 365 dealers and distributors taking part in the value chain.

- We prepared the Suppliers Working Principles, which all suppliers must comply with.
- In 2018, approximately 10% of the suppliers participated in the training programs for 3 hours per person.
- We aspire to foster our main suppliers for raw material and packaging through the Supplier Partnership Program at Anadolu Efes Russia.
- In 2018, we provided a total of 205 person-hours of training to 75% of the dealers and distributors.
- For dealers and distributors in Turkey, we arranged a two-year Dealer Development Program in the period of 2017–2018 in collaboration with the Boğaziçi University Lifelong Learning Center.

#### Product Quality and Safety

Anadolu Efes products reach consumers in a geography with over 300 million people.

Our priority is ensuring the products, of which there are more than 50 brands, are safe and of the highest quality. We are committed to offering world-class quality and safe products to consumers while achieving sustainability and consistency in product flavor.

In all operations in Turkey and abroad, we are producing in accordance with the ISO 9001 Quality Management, the ISO 22000 Food Safety Management System, and the HACCP Food Safety Management System standards. We use state-of-the-art production technologies and process our malting barley and hops ourselves. With our understanding of excellence, we offer consumers superior quality and safe products by only producing at facilities with food safety certificates.

We conduct brand and product market research and customer satisfaction studies to improve customer satisfaction. Research results are influential on the product development processes.

We provide information on products to enhance customer satisfaction. We provide product information through product labels, websites and consumer support hotlines in accordance with the laws and local legislation of the countries we operate in.

#### Responsible Marketing

We have adopted a responsible marketing approach in all marketing activities and built up our marketing communications to raise consumer awareness on responsible alcohol consumption. We ensure that our products are only sold at legal sales points to persons over the legal age of consumption.

We work together with more than 8,600 suppliers and 365 dealers and distributors taking part in the value chain.



# SUSTAINABILITY SOFT DRINK GROUP

The sustainability of our business lies first and foremost in the excellence of these operations.

*\* Sustainability information in this report is compiled from CCI 2018 Sustainability Report. The report containing 2019 data will be published in the second half of 2020.*

## OUR SUSTAINABILITY FOCUS

We envision being the best FMCG company across our markets, and sustainably grow our business by focusing on our product portfolio and package innovations, thus assuring that we act responsibly as a corporate citizen. Consequently, we believe in sustainable growth and we strive to create sustainable value for our diverse group of stakeholders along the value chain.

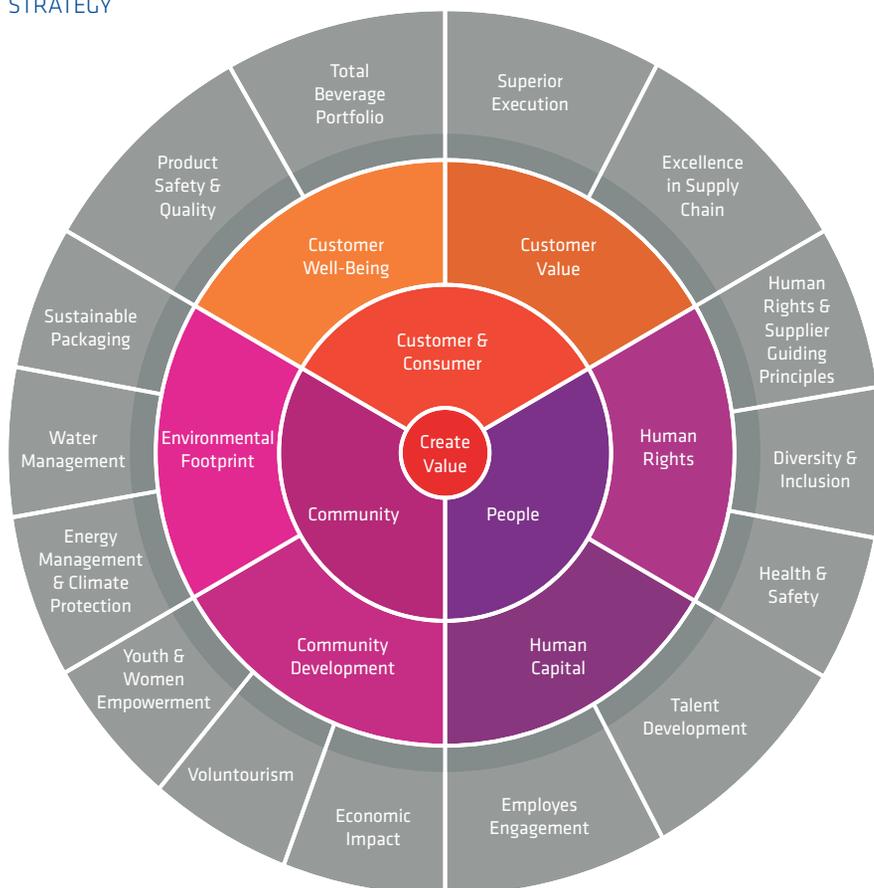
“Create Value” is at the heart of our vision surrounded by our ‘Customers & Consumers’, ‘People’ and ‘Community’

## CREATING VALUE FOR OUR CUSTOMERS & CONSUMERS

### CONSUMER WELL-BEING

While we offer our consumers a wide range of products fit for every lifestyle and occasion, product safety and quality remain our priority. We aim at meeting the ever-evolving preferences of our consumers to provide more choices in our beverage portfolio with a “total beverage” mindset. We provide affordable, ready, innovative products for all occasions.

## STRATEGY



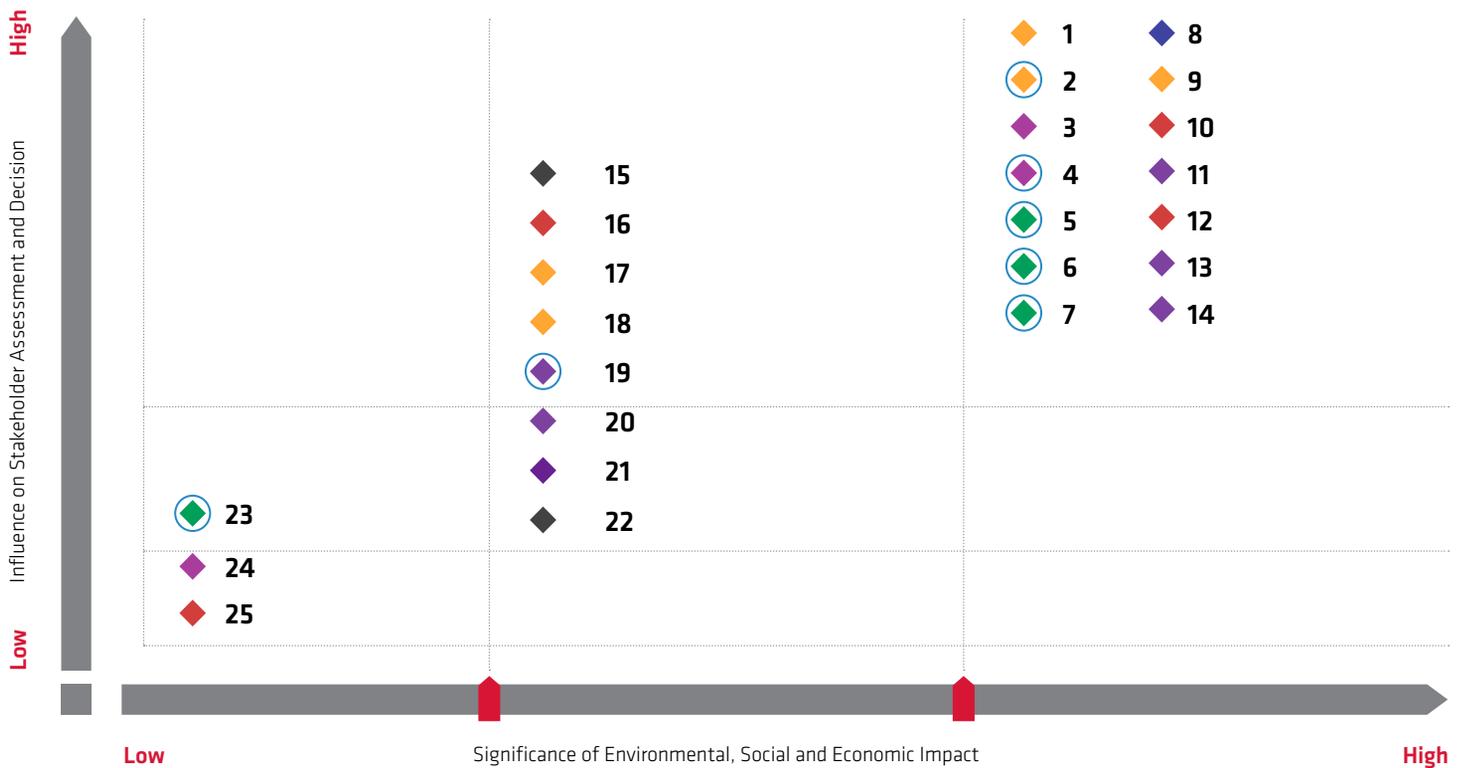
## Product Safety and Quality

At CCI, we conduct bottling operations in 26 plants in 10 countries. The sustainability of our business lies first and foremost in the excellence of these operations. KORE (The Coca-Cola Operating Requirements), the set of operating requirements in The Coca-Cola System (TCCS), forms our main reference point in managing food safety and quality, environment, and health and safety performance in our plants.

- All our plants in 10 operating countries have ISO 9001, ISO 14001, OHSAS 18001 and FSSC 22000 certification.
- All our plants, sales operations facilities and offices in Turkey are certified with ISO 50001 Energy Management and ISO 14064 Greenhouse Gases Standards. Our HQ Building in Turkey has the LEED Gold Certificate. Our Burundai Plant in Kazakhstan, Bishkek in Kyrgyzstan and Lahore in Pakistan also have the ISO 50001 certification.
- All our plants that produce preforms hold PAS 223 Packaging certificates.

We envision being the best FMCG company across our markets, and sustainably grow our business by focusing on our product portfolio and package innovations

MATERIALITY MATRIX



- ◆ 1 Product safety and quality
- ◆ 2 Consumer well-being
- ◆ 3 Occupational health and safety
- ◆ 4 Human rights
- ◆ 5 Energy efficiency and GHG emissions
- ◆ 6 Sustainable packaging and waste management
- ◆ 7 Water management
- ◆ 8 Business ethics and compliance
- ◆ 9 Supplier and distributor execution
- ◆ 10 Indirect economic impact
- ◆ 11 Diversity and inclusion
- ◆ 12 Community development
- ◆ 13 Employee engagement
- ◆ 14 Talent development
- ◆ 15 Corporate governance
- ◆ 16 Economic performance
- ◆ 17 Sustainable sourcing
- ◆ 18 Sustainable procurement
- ◆ 19 Child labor and forced labor
- ◆ 20 Freedom of association an collective bargaining
- ◆ 21 Grievance mechanisms
- ◆ 22 Information security
- ◆ 23 Biodiversity
- ◆ 24 Security practices
- ◆ 25 Financial incentives from governments

- ◆ Value Chain
- ◆ Economic
- ◆ Environmental
- ◆ Social
- Also material for the Supply Chain

## SUSTAINABILITY

# SOFT DRINK GROUP

### Total Beverage Portfolio

We grow by offering more than 25 “consumer-centric” brands to our consumers. In order to meet the ever-changing preferences of our consumers and to build a stronger business, we offer a spectrum of choice across our beverage portfolio that includes low or zero calories beverage options.

### Open to Curiosity (merakettim)

As part of our efforts for a more transparent relationship with our consumers, the online Open to Curiosity Platform in Turkey provides a direct forum for our consumers to address their concerns regarding our products. Besides, we cater our consumers with clear, understandable and scientific information about our products.

### Responsible Marketing

At the core of our efforts to transparently inform our consumers lies comprehensive and clear nutritional information, allowing them to make choices that fit best to their lifestyles.

Responsible advertising and marketing are other important means of how we engage with our consumers.

### CUSTOMER VALUE

In line with our vision, we aim to build a company that creates value and delivers sustainable long-term growth as a preferred partner for our customers. To deliver this value, we put in practice the best-in-class commercial strategies and solutions to create the perfect shopper experience every time they visit our sales points. Our key motivation is “winning with the customer” whilst delivering joint initiatives and superior execution.

Across our operating geography, we have almost 400 million consumers and we work with approximately 780,000 sales points, including supermarkets, restaurants, convenience stores, hotels, and other retail outlets. We deliver products from 26 plants ensuring the highest quality products to our customers. We keep on investing in coolers to ensure our consumers access cold products.

### Superior Execution

To provide the best experience for our business partners; customers and distributors and win with the customer, we are investing in developing our people and technologies we use.

- We have been conducting customer satisfaction surveys in Turkey since 2005 and in other operations since 2012. The customer satisfaction scores increased significantly compared to the last year.
- Every year, we conduct Distributor Satisfaction Surveys via a third-party service provider to evaluate the satisfaction level of our distributors. CCI Turkey’s 2018 survey score was up by five points from its 2017 score, reaching 91%.
- In-class trainings are provided to our distributors so as to equip them with in-depth knowledge through high interaction. Across all CCI countries; 404 training sessions were held and 7,210 attendees were trained in 2018.

### Commercial Excellence

CCINext Red Box is our Customer Development Program which allows us to add value to our customers. With its traditional channel applications, CCINext Red Box module won the “Most Successful Retail Channel” award given by TCCC at the Global Customer & Commercial Leadership (GCCL) Awards.

### Excellence in Supply Chain

Due to our far-reaching regional presence, we have to manage a large value chain resulting in significant social, environmental and economic impacts. Thus, we see it as our responsibility to diligently follow our sustainable methodology, and remain unlimited in our sustainability policies and practices in our own operations, and implement them within all stages of our value chain.

### CREATING VALUE FOR PEOPLE

#### HUMAN RIGHTS

In December 2018, CCI published its first Human Rights Policy, a continuation of the existing CCI Workplace Rights Policy. This new policy is based on international standards of human rights as set forth in the United Nations Universal Declaration of Human Rights, the International Labor Organization Declaration of Basic Work Principles and Rights, and the United Nations Global Compact.

In order to determine the degree that our operations comply with the CCI’s Human Rights Policy and TCCC’s Supplier Guiding Principles (SGP), audits were conducted by an independent auditing firm in 2018. Five CCI plants in Jordan, Kazakhstan, Kyrgyzstan, and Turkey passed these audits successfully.

#### Supplier Guiding Principles

As part of our supplier agreements since 2002, the Supplier Guiding Principles (SGP) determine the social, environmental, ethical and economic minimal, which TCCC expect from their suppliers.

#### Diversity and Inclusion

We embrace differences and consider them significant for the synergy created in our workplace and for our sustainable growth.

In line with our vision, we aim to build a company that creates value and delivers sustainable long-term growth as a preferred partner for our customers.

- As of 2018, with the establishment of Women's Clubs in Kazakhstan, Kyrgyzstan and Tajikistan, all CCI countries are now part of the CCI Women Network.
- To enable CCI women to further unleash their leadership potential, a "Women in Leadership" program has also been developed. It is planned to be launched in 2019.
- "Leaders in the Field" is a series of meetings aimed at increasing intergenerational dialogue.
- One of the most important diversity and inclusiveness initiatives undertaken at CCI in 2018 was the U30 Strategy Camp. During this program, young CCI employees at the age of thirty or below take part in a 3-day camp and work with CCI's CEO to formulate CCI's future strategies.

#### Health and Safety

It is our primary responsibility to provide our employees a safe and healthy working environment.

In 2018:

- There was no lost time due to accidents in 15 of our 26 plants.
- The total number of accidents decreased by 20% compared with 2017.
- There was a 30% increase in workplace safety training time provided to employees compared with 2017.
- In 2018, we provided about 53,200 human-hours of OHS training to our employees throughout our operations. The main topics of the training sessions were first aid, confined space, working at height, emergency response, CCI's Golden Rules, defensive driving and forklift safety.

- Through our internal digital social media application "Workplace" by Facebook, we established a group dedicated to H&S.

#### HUMAN CAPITAL

We see ourselves as one, diverse, engaged and inclusive team and consider it our Human Capital. With this in mind, we believe it is our responsibility to provide our employees with a workplace that is productive, happy and safe.

We established systems and programs that offer support to our employees, so that they are able to improve their skills, knowledge, competence, and raise their life and work standards.

#### Talent Management

CCI Talent management strategy ensures that it has "objectively identified and diversified talents" to contribute when achieving business results. In order to support the employees and the managers involved and to ensure that the process is standardized throughout CCI, we make use of CCI Talent Management Principles, which are communicated to all employees, via the company's intranet.

#### Learning and Leadership Development

Our goal is to build critical capabilities and strengthen leadership skills to enable business continuity and future growth. We carry out our learning and development activities under the main headings of Commercial Development, Leadership Development and Functional Development.

#### Employee Engagement

We are advancing decisively towards our goal of making CCI "A Great Place To Work". Since people are one of the key pillars of our vision, employee engagement is a fundamental focus area to effectively manage our human capital and create value.

We believe it is our responsibility to provide our employees with a workplace that is productive, happy and safe.



## SUSTAINABILITY

# SOFT DRINK GROUP

While expanding our business, we strive to assure value is created for each and every member of these communities.



### CREATING VALUE FOR COMMUNITY

#### COMMUNITY DEVELOPMENT

As a company operating in 10 countries with 780,000 sales points and serving 400,000 million consumers, CCI has a significant footprint across its communities. CCI creates a positive impact both directly and indirectly through investing a certain ratio of its annual pre-tax profit in local economies and communities.

#### Economic Impact

Our products are produced, sourced (where possible), distributed and sold locally. A bottle of Coca-Cola creates added value for multiple sectors during its journey from the production line to the consumer.

#### The Economic Impact of Coca-Cola in Pakistan

- An injection of Rs. 1 by CCI Pakistan yields almost Rs. 5 in the economy.
- For every Rs. 1 tax paid by CCI Pakistan, almost Rs. 2 are generated for the government.

#### The Economic Impact of Coca-Cola in Turkey

- Every 1 TL generated by the Coca-Cola System (TCCS) in Turkey yields 9.7 TL in the national economy.
- 4.1 billion TL of added value in the retail business, and income generation for 160,000 farmers.
- TCCS enables direct and indirect employment impact for 30,000 people.

### Community Investment

While expanding our business, we strive to assure value is created for each and every member of these communities. Our goal is to be recognized as a good corporate citizen by all stakeholders.

Consistent with our value creation model; our community investment focuses on three areas: volunteerism, youth & women empowerment and water.

#### Volunteerism

Encouraging and supporting employee volunteerism is one of the building blocks of CCI's organizational culture.

In 2017, CCI took a very important step and established the CCI Volunteering Program to systematically encourage and support volunteering activities for all its employees.

Since 2017 in CCI Turkey,

- over 235,000 beneficiaries attended to 24 activities organized in different cities of Turkey.
- 1,700 volunteers participated to the programs and over 5,100 hours were spent in volunteering activities.

In 2018, CCI Volunteering Program expanded to Pakistan with 4 projects in 13 different cities. 138 volunteers and 203 beneficiaries participated in the program in the first year in Pakistan.

#### Youth Empowerment

Almost 60% of the population where CCI operates is below 30 years of age. Investing in our geographical regions' young and growing population is critical to the sustainable development of our communities.

We reached almost 350,000 young people with our projects in 2018.

## Encouraging and supporting employee volunteerism is one of the building blocks of CCI's organizational culture.

### Women Empowerment

To foster women's entrepreneurial potential is an excellent way for communities to prosper. Yet, women still constitute a fraction of the global labor force. Our efforts focus on offering women access to business skills training courses, financial services and connections with peers and mentors. As a sign of our commitment to this cause, we have been a signatory to the Women's Empowerment Principles (WEP) since March 2015.

### Water Stewardship

Access to clean drinking water is a major problem in today's world. We attach particular importance to water related issues, since water problems directly affect the welfare of the communities where we operate and the sustainability of our business.

### OUR ENVIRONMENTAL FOOTPRINT

Our primary goal is to continuously seek ways to produce more by using less resources.

Our environmental approach includes an in-depth focus on three key areas: Energy Efficiency & Climate Protection, Water Stewardship, and Sustainable Packaging & Waste.

To improve our performance and create environmental awareness, we provided 6,529 human-hours of environmental training to our employees in Turkey, Jordan, Azerbaijan, Kazakhstan, Pakistan and Kyrgyzstan in 2018.

### Sustainable Sourcing

Sustainable agriculture is critical for us to meet the expectations of our consumers, customers and other stakeholders and to enable the continued growth of our business.

### Energy Management and Climate Protection

Climate change is one of the biggest threats to the world's ecosystems and humanity. With its responsible business practices, CCI joins the global business community in implementing the necessary changes to combat these risks.

### Our Carbon Footprint

With our climate-friendly actions in six countries of operations, we avoided 1,189,373 tons of CO<sub>2</sub> emissions since 2009 which is equivalent to the amount that 99.1 million trees absorb from the atmosphere.

### Water Management

There is a direct link between sustainable use of water and the sustainability of our business. Therefore, minimizing our negative impacts on water and sustaining water efficient operations is of utmost priority and we fully support TCCC's ultimate goal "replenish every drop of water we use."

### Sustainable Packaging

Using less resource for packaging is one of the key elements of our strategy and design lies beneath that goal. We continuously work to develop lighter packaging by using less material and conduct lightweight projects on both glass and resin side. Additionally, we focus our efforts on reusing our glass bottles, collecting back the packaging we put on the market and increasing the recycled content in our packaging.

COUNTRY	YEAR	Key Performance Indicators			
		Energy Use Ratio (MJ/L)	GHG Emissions Ratio (g CO <sub>2</sub> e/L)	Water Use Ratio(L/L)	Total Waste Recycling Rate (%)
Turkey	2018	0.26*	28.82**	1.55*	98.70
	2020 Target	0.28	28.54	1.35	98.00
Jordan	2018	0.27	32.73	1.52	90.90
	2020 Target	0.23	50.00	1.41	94.00
Kazakhstan	2018	0.68***	57.42	1.54	88.03
	2020 Target	0.644***	45.00	1.55	92.00
Azerbaijan	2018	0.35	59.93	1.64	93.38
	2020 Target	0.35	55.00	1.70	98.00
Pakistan	2018	0.36	32.95	2.05	95.48
	2020 Target	0.37	Tbd	1.78	98.60
Kyrgyzstan	2018	0.46	27.32	1.64	98.58
	2020 Target	0.45	27	1.57	98.50



# STAKEHOLDERS



BUILDING  
RELATIONSHIPS AND  
**CREDIBILITY** WITH  
STAKEHOLDERS

# CORPORATE GOVERNANCE

## CODE OF BUSINESS AND ETHICS

Anadolu Efes complies with all applicable laws and legal regulations in the countries where it operates. In addition, company policies, strategies and business processes are devised carefully in accordance with internationally accepted norms and the company ensures that its employees comply with the same.

Having embraced the corporate governance notion and core values of the Anadolu Group, of which it is a member, Anadolu Efes has developed structures and principles that will optimally serve to the interests of its shareholders and all of its stakeholders, and has produced a detailed "Code of Business Conduct and Ethics" ("the Code").

The set of rules captured in this document, which is also made public on the corporate website, is based on the Corporate Governance Principles introduced for publicly-held joint stock companies by the Capital Markets Board of Turkey (CMB), other applicable CMB legislation, and the ethical values and corporate culture of Anadolu Efes.

This Code of Business Conduct and Ethics (the "Code") is applicable for all Company operations and binding for all Anadolu Efes employees including Board members. In addition, distributors, suppliers, and other business partners are all expected to comply with the Code.

### ANADOLU EFES CODE OF BUSINESS CONDUCT AND ETHICS

#### HUMAN RIGHTS, DISCRIMINATION AND HARASSMENT

In its operations, Anadolu Efes respects internationally recognized human rights, related International Labour Organization (ILO) articles, UN Universal Declaration of Human Rights.

#### ENVIRONMENTAL RESPONSIBILITY

Placing environmental sustainability at the core of its business, Anadolu Efes continues to be committed to reduce its impact on the environment. As a signatory to UN Global Compact and CEO Water Mandate, Anadolu Efes has undertaken to abide by the core elements of the Mandate.

#### RESPONSIBLE MARKETING

Producing and selling its products in a geography where they are enjoyed by millions of consumers, Anadolu Efes complies not just with laws and regulations, but also adheres to the general principles of fair competition and good business practice.

#### OCCUPATIONAL HEALTH AND SAFETY

Anadolu Efes implements an effective health and safety management system to provide a safe, healthy and incident-free workplace for all employees, contractors and visitors.

#### RESPONSIBLE DRINKING

Anadolu Efes supports moderate and responsible consumption of alcoholic beverages with due observance of the applicable legislation.

#### BUSINESS AND FINANCIAL RECORDS

All business and financial records, accounts and financial statements of Anadolu Efes are kept accurately and in reasonable detail. These records duly represent the company's operations and ensure that the company timely meets its legal and regulatory obligations.

#### COMPANY ASSETS

Company assets and resources are used in an efficient, careful and professional manner and for their intended business purpose only.

#### SOCIAL MEDIA

In line with the corporate culture of Anadolu Efes; employees must not share on their personal accounts on social media/networks any confidential or strategic information including but not limited to trade secrets of the company, or any negative content that might damage the company's reputation.

### CONFIDENTIAL INFORMATION

Unauthorized disclosure of confidential information or information, which is not generally available to the public, is strictly prohibited.

### PERSONAL DATA AND PRIVACY

Anadolu Efes respects the privacy of all its employees, business partners and consumers and the confidentiality of any personal data Anadolu Efes holds about them.

Employees who handle the personal data of others must (i) act in accordance with applicable law and Company policies regarding protection of personal data; (ii) collect, use and process such information only for legitimate business purposes; (iii) obtain from the individual the level of consent required by applicable law; (iv) limit access to the information to those who have a legitimate business purpose for seeing the information; and (v) keep personal data confidential and secure.

### INSIDER TRADING

Anadolu Efes is a publicly listed company in Borsa Istanbul Stock Exchange and all investors, including minority shareholders and foreign shareholders, should be treated equally in accordance with the legislation. This also means that all investors should have access to the same information at the same time.

All employees are required to refrain from using or disclosing confidential information of the Company to engage in insider trading, or to gain any financial or commercial interest.

### CONFLICT OF INTEREST

Anadolu Efes has taken all necessary measures to prevent personal interests and relationships within the company from creating an obstacle against the ability to take the decisions that will produce the optimum results to the company's benefit, and to preclude conflicts of interest.

### ANTI-BRIBERY AND ANTI-CORRUPTION

Anadolu Efes has a zero tolerance policy towards bribery and corruption. This attitude extends to all businesses and transactions in all countries in which it operates

### GIFTS, ENTERTAINMENT AND HOSPITALITY

Anadolu Efes considers offering or receiving gifts, entertainment or hospitality as customary courtesies designed to build goodwill among business partners. However, the company urges avoidance of such behaviors if they tend to give rise to the perception that the same is unfairly influencing a business relationship.

### POLITICAL CONTRIBUTIONS

Anadolu Efes does not make any donations to politicians or political parties, nor does it allow company assets to be used for political activities.

### RELATIONS WITH BUSINESS PARTNERS

Anadolu Efes expects that its suppliers and business partners will take no action contrary to the business principles it has established and that they will comply with the company guidelines with respect to society, environment and ethics.

### COMPETITION COMPLIANCE

Having adopted and internalized fair competition, Anadolu Efes abides by all applicable competition laws in the countries of operation.

For further details, please visit:  
[www.anadoluefes.com](http://www.anadoluefes.com)

## CORPORATE GOVERNANCE

# INVESTOR AND SHAREHOLDER RELATIONS

### DISCLOSURE POLICY

Anadolu Efes maintains to act, in the course of disclosure to all our shareholders and other stakeholders, within the principles of equality, accuracy, impartiality, consistency and timing. It is essential to provide such announcement and clarifications in timely, correct, complete, understandable, analyzable and cost effective manner in strict observance of the rights and interests of our Company as well. The Disclosure Policy is announced to the public on the Company's corporate website.

The information and meeting requests from shareholders and other stakeholders are processed as per our Company's Disclosure Policy and any sharing of information is effected with already publicly available content.

Shareholders' and/or investors' requests for information that has not been made public are processed within the same manner. All shareholders and investors are simultaneously informed regarding material disclosures and/or press releases.

### INVESTOR RELATIONS

Anadolu Efes maintains active and transparent communication with all stakeholders—including, but not limited to, local and international shareholders, stakeholders, investors, and capital market institutions. The company's investor relations are conducted by the Investor Relations Unit, which operates under the Group Finance Directorate. The Investor Relations Unit takes on an active role in the protection of shareholder rights and in the facilitation of their exercise.

During 2019, meetings were conducted with a total of 226 investors including local and international, institutional and individual investors and shareholders addressing the company's business results, performance, and other developments in the reporting period.

Anadolu Efes also participates in conferences in Turkey and abroad and other meetings to provide shareholders and investors information about the company. In this context, in 2019, company representatives took part in eleven conferences in Turkey and abroad.

Anadolu Efes' operating results, performance and other developments during the reporting period, along with all sorts of information and announcements that are of a nature to affect the exercise of shareholding rights are made available to shareholders in an up-to-date manner on the corporate website.

This corporate website [www.anadoluefes.com](http://www.anadoluefes.com) serves as a bilingual communication channel provided in Turkish and English languages as required by the CMB's Corporate Governance Principles. Public disclosures made by the company and a copy each of the presentations used in domestic and overseas meetings are available on the corporate website.

Also accessible on the website are the quarterly financial results and notes thereto, and the annual reports published in both Turkish and English languages.

Various communication tools are also used for public disclosure purposes in addition to conventional information distribution channels. Accordingly, public disclosures made by the company are sent by electronic mail directly to those stakeholders who make a specific request and convey their contact information via the website or other means.

## CREDIT RATINGS

International credit rating agencies closely watch Anadolu Efes' financial and operational performance.

Investment grade rating assigned by Standard & Poor's ("S&P") in 2012 was successfully maintained in 2019 at BBB- with a Stable outlook.

In its report on September 24, 2019, S&P highlights the balanced product portfolio supported by well-known brands, leading market positions in operations and strengthened position in Russian beer market, improved geographical diversity, long track record of positive free operating cash flow and disciplined financial policy as key credit strengths of Anadolu Efes.

The Company has received the rating service from the credit rating company Fitch Ratings (Fitch) for the first time in 2019. Fitch has assigned "BBB-" Long-Term Foreign-Currency Issuer Default Rating and Local Currency Issuer Default Rating to Anadolu Efes with a "Stable" outlook. According to its report on December 6, 2019, Fitch's rating reflects Anadolu Efes' leading positions in its core markets with strong brand portfolio and conservative capital structure. It also incorporates Fitch's expectations of Anadolu Efes' ability to continue strengthening profitability at its joint venture in Russia and Ukraine and scope for stabilizing market share and profits in the Turkish home market. The well-entrenched performance of the joint venture in Russia and Ukraine since its formation with strong progress in the delivery of targeted synergies is cited as one of the key rating drivers.

Following the decision of Moody's on June 14, 2019 to downgrade Turkey's government rating to B1 from Ba3 and consecutively the long term country ceiling to B1 from Ba2, Moody's also lowered Anadolu Efes' credit rating to B1 to match the country ceiling. The outlook on the rating is Negative. In its report Moody's recognizes that the credit fundamentals of the Company suggest a higher rating level, however emphasizes that Company's ratings are constrained by Turkey's foreign currency bond ceiling.

As of February 2020 the credit rating agreement between our Company and Moody's has been terminated, upon the request of our Company.

CREDIT RATING AGENCY	LATEST REVIEW	RATING TYPE	CREDIT RATING	OUTLOOK
Moody's	20.06.2019	Long-term Issuer Rating	B1	Negative
Standard & Poors	24.09.2019 (affirmation)	Long-term Corporate Credit Rating	BBB- (Investment grade)	Stable
Fitch	06.12.2019	Long-term Corporate Credit Rating	BBB- (Investment grade)	Stable

# CORPORATE GOVERNANCE COMPLIANCE DISCLOSURE 2019

## Corporate Governance Compliance Disclosure 2019

Adopting the corporate governance understanding as an indispensable component in its activities, Anadolu Efes works within the framework of all existing regulations and the "Corporate Governance Principles", which are prepared by CMB, and adopts these principles as an important part of its management understanding. Furthermore, our Company aims to develop structures and principles that are appropriate for the conduct of our business which will serve best for the benefit of our shareholders and other stakeholders.

As a result of the studies conducted by SAHA Kurumsal Yönetim ve Kredi Derecelendirme A.Ş. (SAHA - Corporate Governance and Credit Rating Services Inc.), Anadolu Efes received a Corporate Governance Rating of 81.0 and qualified for listing in the BIST Corporate Governance Index in 2008. In the subsequent years, SAHA's studies indicated a steady increase in the Corporate Governance Rating of Anadolu Efes and the Corporate Governance Rating of our company was finally recorded as 95.8 as of 17.05.2019.

The rating mentioned above was determined by attaching specific weights to the rating under four sub-categories. In this context, below is the distribution of the Corporate Governance Rating according to main categories.

Main sections	Weight	Note
Shareholders	25%	95.4
Public Disclosure & Transparency	25%	98.7
Stakeholders	15%	99.5
Board of Directors	35%	92.5
Total	100%	95.8

The Corporate Governance Rating Reports, which have been published by SAHA, are available on the Company's website, [www.anadoluefes.com](http://www.anadoluefes.com).

The Corporate Governance Compliance Report (URF) and the Corporate Governance Information Form (KYBF) prepared in accordance with the ruling of the Capital Markets Board dated 10.01.2019 and numbered 2/49 can be accessed in the Corporate Governance section of the Company's summary page. <https://www.kap.org.tr/en/sirket-bilgileri/ozet/858-anadolu-efes-biracilik-ve-malt-sanayi-a-s>

Anadolu Efes conducts all of its operations within the framework of all existing regulations and the "Corporate Governance Principles", which are prepared by CMB. The Corporate Governance Compliance Report includes information regarding the application of each item of the Corporate Governance Principles by our company, as well as if there are principles which were not applied, the reasons for not applying these principles, the conflicts of interest arising from not applying these principles and whether there is a plan to change the company's management applications in the framework of the principles.

Our Company has complied with the Corporate Governance Principles issued by CMB except for the below-mentioned provisions that were voluntary, in the period of 01.01.2019-31.12.2019. There are no conflicts of interest arising from the below-mentioned provisions that are not implemented.

- In accordance with the Article 4.6.5 of Corporate Governance Principles, the remunerations and all other benefits provided to Board members and managers having administrative responsibilities are made public through our annual report. The remuneration of the independent Board

members is included and it is also stated that the other members of the Board are not getting paid. As in previous years, the total amount of salaries paid to executives with administrative responsibility has been included and no breakdown has been given on a person basis.

- Although in the previous years, more than one woman member was present in our Board of Directors, currently, there are no women Board members. It is recommended by the Corporate Governance Committee to the Board of Directors to include women members in the Board in the coming years and our efforts continue within this regard.



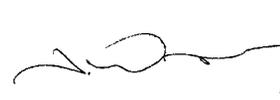
**Uğur Bayar**

Corporate Governance  
Committee Chairman



**Kamilhan Süleyman Yazıcı**

Corporate Governance  
Committee Member

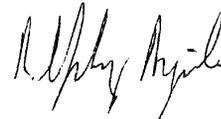



**Jason Warner**

Corporate Governance  
Committee Member

**Hurşit Zorlu**

Corporate Governance  
Committee Member



**Dr. Yılmaz Argüden**

Corporate Governance  
Committee Member



**Aslı Demirel**

Corporate Governance  
Committee Member

# CORPORATE GOVERNANCE COMPLIANCE REPORT

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
Corporate Governance Compliance Report						
<b>1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS</b>						
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					
<b>1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION</b>						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					
<b>1.3. GENERAL ASSEMBLY</b>						
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					
<b>1.4. VOTING RIGHTS</b>						
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					
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 cross-ownership provides management control.					X	
<b>1.5. MINORITY RIGHTS</b>						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.	X					

## CORPORATE GOVERNANCE COMPLIANCE REPORT

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
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				While utmost care is given to the use of minority rights, our articles of association regulates the usage of all minority rights in accordance with regulations. While, Corporate Governance Principles enables provision of minority rights to shareholders with less than 1/20 share in capital in the articles of association; articles of association of our company does not include any article broadening the extent of minority rights compared to Law.
<b>1.6. DIVIDEND RIGHT</b>						
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	
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
<b>1.7. TRANSFER OF SHARES</b>						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					
<b>2.1. CORPORATE WEBSITE</b>						
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					

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
<b>2.2. ANNUAL REPORT</b>						
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					
<b>3.1. CORPORATION'S POLICY ON STAKEHOLDERS</b>						
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					
<b>3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT</b>						
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.	X					
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					
<b>3.3. HUMAN RESOURCES POLICY</b>						
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 organises trainings for employees.	X					
3.3.4 - Meetings have been organised 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					
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					

## CORPORATE GOVERNANCE COMPLIANCE REPORT

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
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					
<b>3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS</b>						
3.4.1-The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					
3.4.2 - Customers are notified of any delays in handling their requests.	X					
3.4.3 - The company complied with the quality standards with respect to its products and services.	X					
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					
<b>3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY</b>						
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					
<b>4.1. ROLE OF THE BOARD OF DIRECTORS</b>						
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					
<b>4.2. ACTIVITIES OF THE BOARD OF DIRECTORS</b>						
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					

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
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					
<b>4.3. STRUCTURE OF THE BOARD OF DIRECTORS</b>						
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			Although in the previous years, more than one woman member was present in our Board of Directors, currently, there are no women Board members. It is recommended by the Corporate Governance Committee to the Board of Directors to include women members in the Board in the coming years and our efforts continue within this regard.
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					
<b>4.4. BOARD MEETING PROCEDURES</b>						
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					
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					

## CORPORATE GOVERNANCE COMPLIANCE REPORT

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
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				The responsibilities of the Board Members outside of our Company are listed in our Annual Report. There are no rules established by our Company on this issue, however, the requirements of the Corporate Governance Principles are applied.
<b>4.5. BOARD COMMITTEES</b>						
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					Corporate Governance rating services are received. This institution is authorized by Capital Markets Board and its title is mentioned in the related section of our annual report.
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
<b>4.6. FINANCIAL RIGHTS</b>						
4.6.1-The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.	X					
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 favour of them.	X					
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.		X				In accordance with the Article 4.6.5 of Corporate Governance Principles, the remunerations and all other benefits provided to Board members and managers having administrative responsibilities are made public through our annual report. The remuneration of the independent Board members is included and it is also stated that the other members of the Board are not getting paid. As in previous years, the total amount of salaries paid to executives with administrative responsibility has been included and no breakdown has been given on a person basis.

# CORPORATE GOVERNANCE INFORMATION FORM

<b>1. SHAREHOLDERS</b>	
<b>1.1. Facilitating the Exercise of Shareholders Rights</b>	
The number of investor meetings (conference, seminar/etc.) organised by the company during the year	During 2019, meetings were conducted with a total of 226 investors including local and international institutional and individual investors, shareholders, and analysts concerning issues related to the company's business results, performance, and other developments during the reporting period. Anadolu Efes also participates in conferences in Turkey and abroad and other meetings to provide shareholders and investors information about the company. In this context, in 2019, company representatives took part in eleven conferences and 4 conference calls in Turkey and abroad.
<b>1.2. Right to Obtain and Examine Information</b>	
The number of special audit request(s)	0
The number of special audit requests that were accepted at the General Shareholders' Meeting	0
<b>1.3. General Assembly</b>	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	<a href="https://www.kap.org.tr/en/Bildirim/752984">https://www.kap.org.tr/en/Bildirim/752984</a>
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	Yes
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	There were no transactions that are in the scope of the significant transactions as described in Article 1.3.9 of Corporate Governance Principles, in 2019.
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communiqué on Corporate Governance (II-17.1)	not applicable
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communiqué on Corporate Governance (II-17.1)	not applicable
The name of the section on the corporate website that demonstrates the donation policy of the company	Available on company website's Investor Relations Corporate Governance section under Donations and Grant Policy <a href="https://www.anadoluefes.com/en/sayfa/1/636/donation-and-grant-policy">https://www.anadoluefes.com/en/sayfa/1/636/donation-and-grant-policy</a>
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	Available on the 45 <sup>th</sup> of Articles of Association which is available on <a href="https://www.anadoluefes.com/en/sayfa/1/643/articles-of-association">https://www.anadoluefes.com/en/sayfa/1/643/articles-of-association</a>
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	Article 32 of Articles of Association. <a href="https://www.anadoluefes.com/en/sayfa/1/643/articles-of-association">https://www.anadoluefes.com/en/sayfa/1/643/articles-of-association</a>
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	In the Ordinary General Assembly Meeting held in 30.04.2019, there were no attendances by any stakeholders or the media apart from Company representatives that are mentioned in the previous provision. The representative of Corporate Governance Rating Company, Partner of Independent Audit Company, Board Members of our Company, Shareholders and company employees attended the General Assembly.

## CORPORATE GOVERNANCE INFORMATION FORM

<b>1.4. Voting Rights</b>	
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.	-
The percentage of ownership of the largest shareholder	43.05%
<b>1.5. Minority Rights</b>	
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.	-
<b>1.6. Dividend Right</b>	
The name of the section on the corporate website that describes the dividend distribution policy	Available on company website's Corporate Governance section of Investor Relations section under Dividend Policy <a href="https://www.anadoluefes.com/en/sayfa/1/634/dividend-policy">https://www.anadoluefes.com/en/sayfa/1/634/dividend-policy</a>
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.	There were no such proposals
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	There were no such proposals

## 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
30.04.2019	0	91,63%	0.000002%	91,63%	Investor Relations / General Assembly	Investor Relations / General Assembly/ Minutes	not applicable	0	<a href="https://www.kap.org.tr/en/Bildirim/752984">https://www.kap.org.tr/en/Bildirim/752984</a>

<b>2. DISCLOSURE AND TRANSPARENCY</b>	
<b>2.1. Corporate Website</b>	
Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	Capital Structure and Investor Relations / Corporate Governance Section
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.	About Us / Capital Structure
List of languages for which the website is available	Turkish / English
<b>2.2. Annual Report</b>	
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	Responsibilities undertaken by Board Members outside the Company are given in section of the Board of Directors of our 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	Given in section 3 of the section of Board of Directors, Structure and Independence of the Committees established under the Board in the Corporate Governance Compliance Report in our 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	Available in section Working Principles of the Board of Directors in the Corporate Governance Compliance 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	Not Applicable
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	Available in section 13. Other Issues under "Other information related to operations" 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	Available in section 13. Other Issues under "Other information related to operations" section of the Annual Report

## CORPORATE GOVERNANCE INFORMATION FORM

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%	No cross ownership
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	Available under Sustainability section of the Annual Report and our website
<b>3. STAKEHOLDERS</b>	
<b>3.1. Corporation's Policy on Stakeholders</b>	
The name of the section on the corporate website that demonstrates the employee remedy or severance policy	Indemnity Policy is available under Investor Relations / Corporate Governance section of the corporate website
The number of definitive convictions the company was subject to in relation to breach of employee rights	16
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Ethics Responsible
The contact detail of the company alert mechanism	Ethics website: <a href="http://www.efesethicsline.com">www.efesethicsline.com</a> (in 5 languages) Ethics phone line: + 90 212 276 33 37 Ethics e-mail: <a href="mailto:efes@efesethicsline.com">efes@efesethicsline.com</a>
<b>3.2. Supporting the Participation of the Stakeholders in the Corporation's Management</b>	
Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	Models supportive of participation in company management by stakeholders including first and foremost the company employees are developed without disrupting the operations of the company. Employees are capable of transmitting their value adding suggestions to the management via our Bi-Fikir system, which is the Anadolu Group Innovation Portal. In addition, "Human Resources Request & Suggestion Line" that facilitates submission of requisitions and improvement requirements regarding the services provided by our Human Resources function is used effectively by our employees.
Corporate bodies where employees are actually represented	Not available
<b>3.3. Human Resources Policy</b>	
The role of the board on developing and ensuring that the company has a succession plan for the key management positions	Succession plans are evaluated on a regular basis across Anadolu Efes and other Anadolu Group companies through Organizational Development Meetings involving all employees. Key Management positions are reviewed in this process. Changes in relevant positions are subject to Board approval.
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.	Human Resources Policy is available in our corporate website under Investor Relation Corporate Governance Section. One of our Group's commitments towards its employees in the course of every relationship, which is part of our working principles and followed strictly without any concession, is not to make any discrimination in terms of race, skin color, age, nationality, gender and religious beliefs. We take pride in different aspects and cultural diversification of our employees and consider such diversification a valuable tool for advancement towards a common objective
Whether the company provides an employee stock ownership programme	There isn't an employee stock ownership programme
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.	Available in Anadolu Efes Code of Business Conduct and Ethics which is in Code of Business Conduct and Ethics under Corporate Governance
The number of definitive convictions the company is subject to in relation to health and safety measures	Not available

<b>3.5. Ethical Rules and Social Responsibility</b>	
The name of the section on the corporate website that demonstrates the code of ethics	Available in Code of Business Conduct and Ethics under Corporate Governance
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.	The report is available under Sustainability section
Any measures combating any kind of corruption including embezzlement and bribery	Available in Anadolu Efes Code of Business Conduct and Ethics which is in Code of Business Conduct and Ethics under Corporate Governance

<b>4. BOARD OF DIRECTORS-I</b>	
<b>4.2. Activity of the Board of Directors</b>	
Date of the last board evaluation conducted	July 2019
Whether the board evaluation was externally facilitated	Yes
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	No duties/authorities delegated
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	19
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	Available in section Risk Management and Internal Control Mechanism section of the Corporate Governance Compliance Report
Name of the Chairman	Tuncay Ozilhan
Name of the CEO	Can Çaka
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	Not the same person
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	<a href="https://www.kap.org.tr/en/Bildirim/814372">https://www.kap.org.tr/en/Bildirim/814372</a>
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	not available
The number and ratio of female directors within the Board of Directors	0

## CORPORATE GOVERNANCE INFORMATION FORM

## Composition of Board of Directors

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	Not independent director	26.06.2000		Not applicable	No	Yes
Kamilhan Süleyman Yazıcı	Non-executive	Not independent director	27.04.2017		Not applicable	No	Yes
Jason Gerard Warner	Non-executive	Not independent director	30.04.2019		Not applicable	No	Yes
Tuğban İzzet Aksoy	Non-executive	Not independent director	30.04.2019		Not applicable	No	Yes
Salih Metin Ecevit	Non-executive	Not independent director	29.04.2009		Not applicable	No	Yes
Mehmet Cem Kozlu	Non-executive	Not independent director	14.05.2007		Not applicable	No	Yes
Ahmet Boyacıoğlu	Non-executive	Not independent director	14.04.2016		Not applicable	No	Yes
Barış Tan	Non-executive	Independent director	16.04.2018	Available in the Annual Report	Considered	No	Yes
Uğur Bayar	Non-executive	Independent director	16.04.2018	Available in the Annual Report	Considered	No	Yes
Şevki Acuner	Non-executive	Independent director	16.04.2018	Available in the Annual Report	Considered	No	Yes
İzzet Karaca	Non-executive	Independent director	01.11.2013	Available in the Annual Report	Considered	No	Yes

<b>4. BOARD OF DIRECTORS-II</b>	
<b>4.4. Meeting Procedures of the Board of Directors</b>	
Number of physical board meetings in the reporting period (meetings in person)	5
Director average attendance rate at board meetings	98%
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	Relevant information, documents and presentations are submitted to the Board for information and review 3 to 5 days before the Board meetings
The name of the section on the corporate website that demonstrates information about the board charter	Available under Article 14 of the Articles of Association which is available at <a href="https://www.anadoluefes.com/en/sayfa/1/643/articles-of-association">https://www.anadoluefes.com/en/sayfa/1/643/articles-of-association</a>
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	not available
<b>4.5. Board Committees</b>	
Page numbers or section names of the annual report where information about the board committees are presented	Available under the section 3 of the section of Board of Directors, Structure and Independence of the Committees established under the Board of the Corporate Governance Compliance Report in the Annual Report
Link(s) to the PDP announcement(s) with the board committee charters	<a href="https://www.kap.org.tr/en/Bildirim/343206">https://www.kap.org.tr/en/Bildirim/343206</a>

#### 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
Audit Committee		İzzet Karaca	Yes	Board member
Audit Committee		Şevki Acuner	No	Board member
Corporate Governance Committee		Uğur Bayar	Yes	Board member
Corporate Governance Committee		Kamilhan Süleyman Yazıcı	No	Board member
Corporate Governance Committee		Jason Warner	No	Board member
Corporate Governance Committee		Hurşit Zorlu	No	Not board member
Corporate Governance Committee		Yılmaz Argüden	No	Not board member
Corporate Governance Committee		Aslı Demirel	No	Not board member
Committee of Early Detection of Risk		Barış Tan	Yes	Board member
Committee of Early Detection of Risk		Tuğban İzzet Aksoy	No	Board member
Committee of Early Detection of Risk		Cem Kozlu	No	Board member
Committee of Early Detection of Risk		Ben Graham	No	Not board member

## CORPORATE GOVERNANCE INFORMATION FORM

<b>4. BOARD OF DIRECTORS-III</b>	
<b>4.5. Board Committees-II</b>	
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)	Evaluation of the Board of Directors regarding the working principles and efficiency of Committees constituted within the Board is presented as attachment to Corporate Governance Compliance Report available in our 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)	Evaluation of the Board of Directors regarding the working principles and efficiency of Committees constituted within the Board is presented as attachment to Corporate Governance Compliance Report available in our 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)	Responsibilities of the Nomination Committee are fulfilled by the Corporate Governance Committee. Presented under "Evaluation of the Board of Directors regarding the working principles and efficiency of Committees constituted within the Board" as attachment to Corporate Governance Compliance Report available in our Annual Report.
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)	Presented under "Evaluation of the Board of Directors regarding the working principles and efficiency of Committees constituted within the Board" as attachment to Corporate Governance Compliance Report available in our 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)	As per article 5.3 of our Corporate Governance Compliance Report which is available in our Annual report responsibilities of the Remuneration Committee are fulfilled by the Corporate Governance Committee. Presented under "Evaluation of the Board of Directors regarding the working principles and efficiency of Committees constituted within the Board" as attachment to Corporate Governance Compliance Report available in our Annual Report.
<b>4.6. Financial Rights</b>	
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)	Available in our Annual Report under "Performance and Guidance" section.
Specify the section of website where remuneration policy for executive and non-executive directors are.	Corporate Governance and Compensation Policy <a href="https://www.anadoluefes.com/en/sayfa/1/635/compensation-policy">https://www.anadoluefes.com/en/sayfa/1/635/compensation-policy</a>
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)	In accordance with the Article 4.6.5 of Corporate Governance Principles, the remunerations and all other benefits provided to Board members and managers having administrative responsibilities are made public through our annual report. The remuneration of the independent Board members is included and it is also stated that the other members of the Board are not getting paid. As in previous years, the total amount of salaries paid to executives with administrative responsibility has been included and no breakdown has been given on a person basis.

## 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
Audit Committee		100%	100%	4	4
Corporate Governance Committee		83%	17%	4	4
Committee of Early Detection of Risk		100%	25%	4	4

# ADDITIONAL INFORMATION ON CORPORATE GOVERNANCE

## SHAREHOLDERS

### 1. Investor Relations Unit

Our company has adopted the principle of treating each shareholder equally, and the Investor Relations and Treasury Department, established within our Company's Finance Directorate, continued to conduct the relations with our shareholders.

The individuals in charge of Investor Relations in our Company's Investor Relations Unit in 2019, are provided below. Çiçek Uşaklıgil Özgüneş, Investor Relations and Treasury Director, is working full-time and directly reporting to N. Orhun Köstem, CFO. Investor Relations Manager R. Aslı Demirel and Investor Relations and Treasury Supervisor Özgün Ökten are working full-time and reporting to Çiçek Uşaklıgil Özgüneş. Additionally, Çiçek Uşaklıgil Özgüneş is working as the member of the Corporate Governance Committee.

#### N. Orhun Köstem – Chief Financial Officer

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#### Çiçek Uşaklıgil Özgüneş – Investor Relations and Treasury Director\*

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#### R. Aslı Kılıç Demirel – Investor Relations Manager

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#### Özgün Ökten – Investor Relations and Treasury Supervisor

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\*Effective as of January 1, 2020, Mrs. Çiçek Uşaklıgil Güneş left her position at the company and Mrs. R. Aslı Kılıç Demirel was appointed as the member of the Corporate Governance Committee.

Investor Relations Unit plays an essential role in accordance with the protection of shareholders rights and making usage of these rights easier particularly the rights to obtain information and the rights to examine.

In accordance with the Disclosure Policy of our company, information regarding operations and performance of our company as well as other events are shared, through meetings with shareholders, investors, research specialists of intermediary institutions and other stakeholders. In addition, any type of information and explanation that may affect the exercise of the shareholders' rights are uploaded and updated on a regular basis on our website for the usage of the shareholders.

During 2019, meetings were conducted with a total of 226 investors including local and international institutional and individual investors, shareholders, and analysts concerning issues related to the company's business results, performance, and other developments during the reporting period. Anadolu Efes also participates in conferences in Turkey and abroad and other meetings to provide shareholders and investors information about the company. In this context, in 2019, company representatives took part in eleven conferences in Turkey and abroad.

The Corporate Governance Committee is responsible for monitoring the activities of the Investor Relations Unit of our company. Within this context, the Committee determines the standards for all announcements and main

principles of investor relations, reviews these standards and principles and compliance with these every year, and gives necessary advices to the Board of Directors. The report that is prepared by the Investor Relations Unit regarding its activities and submitted to the Corporate Governance Committee at every meeting held by the Committee is also submitted to the Board of Directors by the Committee. In 2019, seven Committee meetings were held, whose dates are provided in Attachment-1.

Details regarding the activities performed by this department in 2019 can be found in our Company's 2019 Annual Report.

### 2. Exercise of the Information Rights by Shareholders

Information requests of shareholders are evaluated in accordance with our company's Disclosure Policy. Additionally, as mentioned above, any type of information and announcement which may affect the exercise of the shareholders' rights are put and updated on a regular basis on our website and through our IR application for the usage of the shareholders. Our Disclosure Policy dictates equal treatment of all our shareholders and investors, and provides that accurate disclosure with similar content reach to everyone at the same time.

While shareholder's right to get and examine information given by laws, is not abolished or limited by the articles of association or the decision of any bodies of the company; every mechanism has been set up in order to ensure that shareholders use this right fully.

The Company's articles of association do not include an article that obstructs special audit and the management avoids any action that makes special audit process difficult. Our company acts in accordance with the relevant articles of Turkish Commercial Law regarding the right to ask for a special audit. In 2019, there has not been any request by shareholders for the assignment of a special auditor.

## ADDITIONAL INFORMATION ON CORPORATE GOVERNANCE

### 3. General Assembly Meetings

The General Assembly meetings of our company are held in accordance with the principles of the Corporate Governance Principles' "General Assembly" section.

In its meeting dated 04.04.2019, our Board of Directors resolved to hold the Annual Ordinary General Assembly Meeting regarding the Company's 2018 calendar year operations on 30.04.2019 Thursday at 14:00 at the address "Dudullu OSB, Deniz Feneri Sk. No:4 Ümraniye 34776 Istanbul" and this resolution was announced to public the same day through Public Disclosure Platform.

For the year 2018, the balance sheet and income statement, Annual Report of the Board of Directors and the Corporate Governance Compliance report as its attachment, dividend distribution proposal of the Board of Directors, Independent External Audit Report and an information document regarding the agenda were made ready for the evaluation of our shareholders at our headquarters and our website at [www.anadoluefes.com](http://www.anadoluefes.com), 21 days earlier than the date of the General Assembly. Also the proxy documents that were required for participation via proxy to the General Assembly were made available at our website in order to ease the participation to the meeting.

On the website of our company, in addition to the announcement of the General Assembly, disclosures and statements that are mandatory to be made according to the regulations, as well as all matters required to be announced according to Corporate Governance Principles, were disclosed to shareholders. Namely;

- Total number of shares which reflect the current shareholding structure of the company and the voting rights of shares were announced on our website on the date of announcement of the General Assembly meeting.
- The General Assembly information document regarding the items on the agenda prepared for the Ordinary General Assembly Meeting which included information about the candidates, who were nominated for the independent Board memberships in line with Corporate Governance Principles. The candidates for the independent board memberships submitted written statements to the Nomination Committee, at the time that they were proposed as candidates, regarding their independence within the framework of the law, Articles of Association and the Corporate Governance Principles.
- While preparing the agenda of the General Assembly, every proposal has been given in a separate heading and these headings were made clear in a way that would not cause different interpretations. Strict attention has been paid not to use expressions such as "other", "various (miscellaneous)" on the agenda. The information given before the general assembly has been given together with a reference to the related articles of the agenda.
- While preparing the agenda of the Ordinary General Assembly Meeting, there has not been any written requests, which the shareholders delivered to the Investor Relations Unit in writing to be included on the agenda. Likewise, shareholders, CMB or other government institutions, which are related to the company, have not delivered any written agenda item requests to be added to the agenda.
- In order to increase the attendance of the shareholders to the General Assembly, it is aimed to hold the meetings without causing any inequalities between shareholders and enable shareholders to attend these meetings with a minimum cost. In this context, the 2018 Ordinary General Assembly Meeting was held on 30.04.2019 in Istanbul where the headquarters of the company is registered, also in accordance with the articles of association.
- The Chairman of the meeting has obtained the required information and has done the necessary preparations in order to conduct the General Assembly as per the Turkish Commercial Code, related laws and legislations.
- The chairman of the Ordinary General Assembly has taken specific care in conveying the information about the subjects on the agenda objectively and in a detailed, clear and unbiased way. The shareholders have been given opportunities under equal conditions in explaining their considerations and questions. The chairman of the General Assembly has made sure that the questions asked by the shareholders and the questions which were not considered as trade secret have been answered directly in the General Assembly meeting. During the Ordinary General Assembly Meeting, there has not been any question irrelevant to the topics on the agenda or extensive such that they cannot be answered immediately. Questions asked during the General Assembly meeting and responses to these were recorded in the meeting minutes.
- In accordance with the Corporate Governance Principle article 1.3.7., there has not been any transaction in which persons who have privilege to access company information, had done on their behalf within the company's field of activity.
- The board of directors and other related persons, the ones who have responsibility in preparing the financial reports, and auditors have been present in the General Assembly meeting in order to provide the necessary information and answer the questions about the important subjects on the agenda in particular.
- Although there is no such article on our articles of association, the General Assembly meetings of our company are open to public including the stakeholders and the media without having the right to speak. In the Ordinary General Assembly Meeting held

in 30.04.2019, there were no attendances by any stakeholders or the media apart from Company representatives that are mentioned in the previous provision.

- There has not been any transaction that required the approval of the majority of the independent Board members for the Board of Directors to take a decision, and where the decision was left to be resolved by the General Assembly because this condition was not met.
- Shareholders who have a management control, members of the Board of Directors, managers with administrative responsibility and their spouses, relatives by blood or marriage up to second degree have not conducted a significant transaction with the company or subsidiaries thereof which may cause a conflict of interest, or/and conduct a transaction on behalf of themselves or a third party which is in the field of activity of the company or subsidiaries thereof, or become an unlimited shareholder to a corporation which operates in the same field of activity with the company or subsidiaries thereof. There were also no transactions conducted by persons who have the opportunity to access information of the company in a privileged way, on their behalf within the scope of the company's field of activity.

The 2018 Annual Ordinary General Assembly Meeting of our Company was held on 30.04.2019 with the participation of a total of 542,536,964.884 shares (92%) out of 592,105,263 shares constituting the capital amounting to TRL 592,105,263 of the Company.

Meeting minutes and List of Attendees were announced to public at the same day with the General Assembly through the Public Disclosure Platform. The General Assembly meeting minutes and Lists of Attendees are also available for the information of our shareholders at our website.

The following decisions were taken at the 2018 Ordinary General Assembly Meeting of our company:

- The Annual Report of the Board of Directors and reports of Board of Auditors and the Independent External Audit Company, as well as the financial statements for the calendar year 2018, were discussed and approved.
- The information was given to shareholders on the amounts and beneficiaries of donations and grants made by the Company in 2018; on any suretyship and guarantees granted or pledges including mortgages instituted by the Company in favor of third parties and related income and benefits.

TUNCAY ÖZİLHAN, KAMİLHAN SÜLEYMAN YAZICI, JASON WARNER, İZZET TUĞBAN AKSOY, SALİH METİN ECEVİT, MEHMET CEM KOZLU, AHMET BOYACIOĞLU, UĞUR BAYAR (Independent member), BARIŞ TAN (Independent member), ŞEVKİ ACUNER (Independent member) and İZZET KARACA (Independent member) were appointed in lieu of the released Directors of the Board for one year term.

- The selection of the DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. as the external audit company for 2019 fiscal year was approved.
- It was decided to distribute cash dividend of gross 0.5068 TL (net 0.43078 TL) per each share with 1 TL nominal value realizing a 50.68% gross dividend distribution, calculated for the period January-December 2018. The total proposed cash dividend of 300,078,947.29 TL will be distributed to 592,105,263 shares representing the paid-in capital of Anadolu Efes as of May 31, 2019.

#### 4. Voting Rights and Minority Rights

While our company avoids practices that make the use of voting rights difficult, the mechanisms have been set in order to enable every shareholder, including the cross-border ones, to use their voting rights in a proper and simple way. In this context, according to the Article 26 of the articles of association of the company regarding "Participation to General Assembly via Electronic Means", shareholders having the right to attend the General Assembly can attend the meeting electronically in accordance with article 1527 of Turkish Commercial Law. In accordance with this article of articles of association, at the 2018 Ordinary General Assembly meeting, shareholders and their representatives were able to use their rights as mentioned in the regulation.

While utmost care is given to the use of minority rights, our articles of association regulates the usage of all minority rights in accordance with regulations. While, Corporate Governance Principles enables provision of minority rights to shareholders with less than 1/20 share in capital in the articles of association; articles of association of our company does not include any article broadening the extent of minority rights compared to Law.

There are no privileged shares among the shares representing the paid-in capital of our Company. There is no cross shareholding relationship with the majority shareholders of our Company.

As there is no cross-ownership associated within our Company, therefore there occurred no voting in the General Assemblies of such companies.

## ADDITIONAL INFORMATION ON CORPORATE GOVERNANCE

### 5. Dividend Right

There is no privilege granted to shareholders regarding the distribution of dividends. Within the framework of compliance with Corporate Governance Principles, our Dividend Policy has been resolved to be handled as a written policy starting from 2005.

In line with our Dividend Distribution Policy, our Board of Directors resolved, in its meeting held on 28.02.2019, to submit a cash dividend proposal of gross 0.5068 TL (net 0. 4307 TL) per each share with 1 TL nominal value, realizing a 50.68% gross dividend distribution, calculated for the period January-December 2018, which amounts to a total proposed cash dividend of 300,078,947.29 TL to be paid starting from May 31, 2019, for the approval of the General Assembly and this resolution was announced to public the same day through Public Disclosure Platform. The said resolution was approved in the Annual General Assembly Meeting held on 30.04.2019.

While dividend policy of our company is available on our website and annual report, detailed explanations and tables regarding the distribution of profit for the year 2019 are also provided in our Company's 2019 Annual Report.

### 6. Transfer of Shares

There are no provisions contained in the Company's Articles of Association restricting the transfer of shares, or provisions causing the transfer of shares difficult.

### PUBLIC DISCLOSURE AND TRANSPARENCY

Acting in compliance with the principles regarding Public Disclosure and Transparency of Corporate Governance Principles, our Disclosure Policy regulates such matters; information which will be disclosed apart from the ones pointed out in the legislation, how frequently and in what ways these information's shall be disclosed, how frequently the board and the managers shall meet with the media, how frequently meetings shall be arranged to inform the public, which method shall be followed in answering the questions to the company, etc.

The information which will be disclosed to the public should be helpful in decision making process of the persons and institutions and should be prepared on time, accurately, completely, comprehensibly, interpretably, and accessible with low costs with ease at "Public Disclosure Platform" ([www.kap.org.tr](http://www.kap.org.tr)), on our company's website and through our IR application for public use. Besides, Central Registry Agency's "e-GOVERNANCE: Corporate Governance and Investor Relations Portal" is used directly and effectively to give information to the shareholders.

During the year, 21 special case announcements were made in accordance with CMB regulations. All of the public disclosures were made on time and released on our website simultaneously.

While the Investor Relations and Treasury Directorate working within the Finance Directorate is responsible for pursuing the Corporate Disclosure Policy in co-ordination with the Corporate Governance Committee, the details of individuals in charge are presented under the section "Investor Relations Unit".

While announcing its year-end financial results, our company regularly discloses its expectations for the following year along with assumptions and the data on which these assumptions are based, through an information document available to public.

During the year, in the case where estimates and the base for these expectations are not realized or it is understood that they are not going to be realized, the updated expectations are shared with public with the required explanation.

The Disclosure Policy is available at our Company website.

### 1. Corporate Website and Its Content

Our corporate website is at [www.anadoluefes.com](http://www.anadoluefes.com). In order for international investors to use it, in addition to Turkish, our website is prepared also in English. In public disclosure, our website is used actively and the information given on the website is updated on a regular basis. The information on our website is the same and consistent with the announcements which are done in accordance with the relevant regulation and it does not include conflicting or missing information. The letterhead of our company includes our website address. In our website, all information required as per Article no 2.1 in Section 2 of Corporate Governance Principles is available.

Announcements of financial statements, except for material events and footnotes which are mandatory to be disclosed to public in accordance with capital markets regulations, are simultaneously being disclosed at Public Disclosure Platform in English as well as in Turkish.

### 2. Annual Report

The annual report of our company is prepared in detail in a way that the public may access to the full and accurate information about the operations of our company, and includes information which is required by legislation and Article no 2.2 in Section 2 of the Corporate Governance Principles as well as the requirements specified in other Corporate Governance Principles.

## STAKEHOLDERS

### 1. Informing the Stakeholder

Stakeholders are persons, associations or interest groups such as employees, creditors, customers, suppliers, trade unions, several non-governmental organizations who are related to the matters on achieving the company's targets or that are related to the company's activities. Our company protects stakeholders' rights in transactions or activities conducted for the company which are set by the regulations or through the mutual contracts signed. If the rights of the stakeholders are not protected by regulations or with the mutual contracts, our company spends maximum effort to protect the rights of the stakeholders as much as possible in line with company means and within bona fide rules. Our Company acts in accordance with the Corporate Governance Principles regarding its relations with its stakeholders, and has established all necessary mechanisms. In the case of conflicts of interest that rise among the stakeholders or when a stakeholder is involved in more than one interest group; a balanced policy, as far as possible shall be followed with regard to protection of the vested rights and each right is aimed to be protected independently.

Anadolu Efes' Indemnity Policy as required by the non-mandatory Article no 3.1.2 of Corporate Governance Principles was approved by the Board on 19.03.2015, as provided below, and immediately came into effect and also disclosed at company website.

**Indemnity Policy:** In Our Company, provisions of the Labour Law numbered 4857 are applied regarding severance and notice payments. If there are amendments related to Labour Law numbered 4857, provisions of the relevant law that will come into force will be applied.

Within this context,

Regarding the claims for severance pay; provisions of the Labour Law numbered 4857 and Article 14 of the former Labour

Law numbered 1475 (in accordance with the Temporary Article 6 of the Labour Law numbered 4857) are applied. However, if there is a collective bargaining agreement in force at the workplace, provisions of this collective bargaining agreement are to be implemented within the context.

Regarding notice period, collective job seeking permission is granted only if the employee presents a written request at the date of dismissal notice.

Creating timely and applicable solutions to problems related to the employees and other stakeholders, in order to maintain the satisfaction of all the stakeholders, is one of the key policies of the Company. Our employees, suppliers, customers and consumers are informed on matters related to them in different ways.

The Efes Communication Line that is currently active (444 EFES / 444 33 37) serves 6 days of the week excluding Sundays between 09:00-18:00. The incoming calls are immediately replied and are resolved within specific time periods by the pre-determined responsables of relevant departments.

Information exchange with customers and suppliers is ensured by periodic dealer meetings as well as site meetings held by individuals in charge in relevant locations. Furthermore, customers and suppliers are capable of transmitting their problems to our Company via the dealer meetings and through oral or verbal applications submitted to the Company's management.

Meetings are held with our suppliers so as to improve the quality of the current materials as well as on other sectoral developments and pilot activities are conducted with respect to the co-produced projects.

Through the wide data information network established with its customers, the Company can exchange information on a real-time basis.

Our company conducts training programs to enhance the development of the employees.

These development programs include class education, e-learning, on the job training and knowledge sharing. For this purpose, in-house developed systems using internet platforms are also used.

The necessary mechanisms are formed by the Corporate Governance Committee in order for the stakeholders to communicate with the "Corporate Governance Committee" or the "Audit Committee" about Company's practices which are contrary to the legislation and unethical. On the other hand, according to its own charter, the Audit Committee 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. Additionally, the Audit Committee reviews whether the management monitors Company's compliance to code of business conduct and code of ethics, makes fraud risk assessments and gives code of business conduct and fraud and code of ethics trainings to Company employees.

Stakeholders are sufficiently informed about afore-mentioned Company policies, procedures etc. regarding the protection of their rights, via several channels including emails, corporate website etc.

### 2. Participation of the Stakeholders in Management

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

Employees are capable of transmitting their value adding suggestions to the management via our Bi-Fikir system, which is the Anadolu Group Innovation Portal. In addition, "Human Resources Request & Suggestion Line" that facilitates submission of requisitions and improvement requirements regarding the services provided by our Human Resources function is used effectively by our employees.

## ADDITIONAL INFORMATION ON CORPORATE GOVERNANCE

Periodically, a study for Measuring Employee Loyalty is conducted and employees can also transmit their requests and suggestions for improvement regarding the company they are involved in via this way.

In order to manage the relationships with our employees, as well as to manage the corporate information flow, we launched a web-based intranet system in 2009. As of 2013, our Human Resources Portal has been launched and our employees can obtain many human resources services via this portal which is an extensive self-service application.

As per our main system requirements, indicators designated under strategic planning process are reviewed through meetings held.

With the Efes Communication Line, complaints or claims from our customers, suppliers or consumers are replied and remedied within prescribed periods by designated officers in charge at relevant units and all incoming requests are stored in electronic media, allowing the monitoring and reporting of progress in customer satisfaction. In addition, the performance of our suppliers in terms of quality, price and delivery are monitored on our computer systems where they are scored and benchmarked on periodic basis.

In production processes, utmost care is given to quality standards and the quality of our products is under the guaranty of our company.

New product developments are steered by Customer-Consumer research results and product improvement and development work is conducted in accordance with the demand from the market with product, package and technology investments.

Within the context of trade secret, confidentiality of the information about the customers and the suppliers is taken care of as per Personal Data Protection Law and related legislations. Regarding the important decisions that give rise to an outcome for the stakeholders, the opinion of the stakeholders is taken.

### 3. Human Resources Policy

Our company's human resources policy and practices in this area are in line with all of the principles of Section 3 Article no 3.3 of Corporate Governance Principles.

Our human resources mission is to develop human resources strategies and coordinate the application of human resources systems in our operations in line with our company's vision and mission and strategies in order to support our strategic growth and profitability strategies through increasing productivity of our employees, as well as establishing a qualified, motivated, loyal workforce. In line with our human resources mission our key strategy is to build up a satisfied, highly motivated and well-educated workforce that works as a team and continually develops, operates on knowledge and focuses on Company targets. Our human resources strategy is also disclosed publicly in our website.

The Human Resources Strategy of our company is designed in line with our vision and mission in order to support our strategic business plan and implemented under the following headings:

- (1) Increasing organizational efficiency
- (2) Centralized Strategy, Local Policy Development
- (3) Right Person for the Right Position,
- (4) Maintaining a Dynamic & Proactive Structure,
- (5) An Unreplicated Human Capital that Creates Competitive Advantage.

Our Company gives great importance on training at all stages and at all levels in order to prepare our employees to the future. We "INVEST IN PEOPLE" through established systems where we present this importance in a transparent way. In this context, in order to develop leaders, to form a common management language and to strengthen our culture that supports continuous learning, corporate development practices have been in action since 2010.

In addition, through "Inspiring Digital", an e-learning platform over the internet, it is aimed to improve the personal and occupational knowledge and skills of our employees. Via this platform, we are able to reach mass of employees in a short time period with the trainings which are designed interactively. The attendance is tracked on the system and exams are held in order to measure knowledge as well.

At the same time, employee-specific special development programs are created through various evaluation processes. Within the context of talent management processes, backup plans ensure the continuity of the success of our company.

"Efes Quality Circle" project, whereby our employees voluntarily solve the problems in their respective work areas, enable a better environment for communication, creativity and innovation while contributing to our employees' personal development and hence increasing their motivation. Parallel to generating monetary benefits and improving business, "Efes Quality Circle" activities also provide abstract benefits like development of responsibility, proving oneself, innovation and creative thinking, as well as job satisfaction. At the same time, Efes employees can contribute to the innovation culture of Anadolu Group as well as themselves by entering their ideas of change, improvement and development into "Bi-Fikir", the innovation portal of Anadolu Group.

It is essential to implement fastidiously any resolution rendered by our Board of Directors in the pertinent field of activity. Monitoring of such applications is conducted within the framework of the designated Critical Performance Criteria focused not only on the operating performance but also on profitability. The annual performance targets we have designated for our employees in line with the relevant criteria allow not only the qualitative measurement but also the indicator-based quantitative assessment of our management policies. There is no share purchase plan designed for employees.

One of our Group's commitments towards its employees in the course of every relationship, which is part of our working principles and followed strictly without any concession, is not to make any discrimination in terms of race, skin color, age, nationality, gender and religious beliefs. We take pride in different aspects and cultural diversification of our employees and consider such diversification a valuable tool for advancement towards a common objective.

In every Human Resources practice spanning from the initial recruitment to the training, compensation, career and financial means granted, equal opportunity is provided to all employees. No complaints, in particular on discrimination, have been raised by any of our employees within the period.

The new Anadolu Efes Code of Business Conduct and Ethics ("the Code") has been put into effect in 2015. The purpose of the Code is to guide the behavior of Anadolu Efes' employees and to explain the legal and ethical rules required to be followed. All our employees are provided the opportunity to communicate, on a confidential basis, their concerns regarding the breaches to Anadolu Efes Business Conduct via a line managed by an independent company. The said topics are examined by our Ethics Committee and actions are taken.

We are committed to respect and protect the rights granted to our employees by law and regulations.

Relations with blue-collar workers are regulated according to the collective bargaining agreement, and in the context of the agreement, 4 head representatives and 11 union representatives work in our 3 breweries and 1 hops processing facility in Turkey. These representatives are responsible for communicating the requests, complaints and problems of our blue-collar workers to the senior management, following up the results of these, representing the employees in platforms such as Occupational Safety Board and Disciplinary Board and protecting their legal rights within the Collective Bargaining

Agreement and the Legal framework. In addition, for both our blue-collar and white-collar workers, there is a Business Partnership organization deployed in our headquarters within our human resources structure and 9 regional human resources supervisors in total are affiliated to this organization. As a requirement of their job description, the afore-mentioned business partners and human resources supervisors are responsible for evaluating the requests, complaints and problems conveyed by employees and following up the results of the processes regarding these requests, complaints and problems, in coordination with the senior management.

In addition, representatives have been designated to conduct the relations with employees. For white-collar workers, a "Health and Security Worker Representative" has been selected to represent the workers on issues of occupational health and security. The duties and authorities of such representative that is selected by the workers at the workplace, as per Occupational Health and Safety Statute, are as follows:

One or more workers act as the "Health and Security Worker Representative" and participate in studies for health and security in the workplace, monitor the studies, request for measures and precautions, give suggestions and represent workers in similar matters particularly on health and security.

For blue-collar workers, a "Trade Union Representative at the workplace" is present as set forth in the collective bargaining agreements.

The trade union representatives fulfill the following delegated tasks to ensure occupational peace, maintain and safeguard the balance between the worker and the employer:

a) Ensuring the cooperation and occupational peace between the worker and the employer at the workplace,

b) Examining the demands and complaints of workers, persuading the worker in withdrawing its unreasonable demand or complaint, reflecting any demand or complaint that it will find reasonable in his sole discretion to the employer (the representative may not be penalized for his/her discretion in this process.)

c) Striving to settle amicably, conflicts or disputes to arise between the worker and employer,

d) Seeking remedies for problems that may arise in connection with implementing these contractual provisions and if necessary, conveying the matter to the employer after consulting with workers.

e) Striving to prevent, to the extent of his/her authority, any illegalized attempt or behavior, refraining from getting involved in such attempts or behaviors,

f) Regulating the relationship of workers that are trade union members with the trade union,

g) Ensuring the uninterrupted execution of the contract,

h) Transmitting any matter that he/she could not settle at the workplace to his/her affiliated branch/department in writing,

i) Fulfilling all other liabilities imposed by the legislation.

While safe working environment and conditions are provided to the employees, General Occupational Health and Safety trainings, which require the participation of all employees, are organized by our company periodically.

Job descriptions of all employees of the company can be reached through the corporate portal. Performance evaluation is carried out through an online system, and evaluation and compensation criteria as well as expectations are shared with the employees in the system starting from the beginning of the year.

## ADDITIONAL INFORMATION ON CORPORATE GOVERNANCE

### 4. Ethical Rules and Social Responsibility

Ethical rules are highly respected within our Company and these merits have been exercised for years within the corporate culture of Anadolu Group, our parent company, and our all operations are performed within this context. Anadolu Efes Code of Business Conduct and Ethics, which form our ethical values, are disclosed publicly in our website, whereas the minimum ethical rules with respect to environment, discrimination, child employees and union rights have been included to public in our annual report and website.

The necessary mechanisms to monitor the compliance with Anadolu Efes Code of Business Conduct and Ethics Principles have been formed. In this context, details for the Code of Business Conduct and Ethics

Communication Channels to be used by those who have any concern or become aware of any Code violation are made available at company website. These communication channels are operated by an independent company, and they are available 7/24 and it is possible to communicate a violation confidentially or anonymously.

Detailed explanations regarding the activities of our Company within the framework of social responsibility can be found in our Company's 2019 Annual Report.

### BOARD OF DIRECTORS

#### 1. Structure and Composition of the Board of Directors

Our Board which consists of at least 7, at most 13 members according to articles of association, currently is composed of one

Chairman, one Vice Chairman and nine members, totaling to eleven members.

The curriculum vitae of the Board members which also include their responsibilities outside of our Company are provided both in 2019 Annual Report and the website of our Company. There are no rules established by our Company regarding the Board Members taking responsibilities outside of Our Company, however, the requirements of the Corporate Governance Principles are applied on this issue. In this respect, the positions held by the Board Members outside Anadolu Group as at 31.12.2019 are provided in the table below:

Board Member	Current Positions Held Outside the Company*
İzzet Karaca	Board Member - Süttaş, Enfaş, Tarfaş
Dr. Mehmet Cem Kozlu	Board Member - Pegasus Airlines, DO & CO Aktiengesellschaft (Viyana), Global Relations Forum, Koç Holding, Arçelik, Şişecam
Prof. Dr. Barış Tan	Koç University - Vice President for Academic Affairs Member of the International Advisory Boards - EM Lyon, Nottingham Business School
Uğur Bayar	Chairman - WWF Turkey Board Member - Tekfen Teknoloji Yatırım ve Tic. A.Ş. - SAMUMED Biyoteknoloji
Şevki Acuner	Chairman - Ukraine Business Ombudsman Council Vice Chairman - American Chamber of Commerce Chairman - NPC UkrEnergo Board Member - Tekfen Holding, PSJC UkrZaliznytsia

\*Both the Board Members that are listed in the table above and some of the other Board Members hold seats at the boards of various Anadolu Group companies.

According to the articles of association, the Board elects among the members every year a Chairman and at least one Deputy Chairman to represent the Chairman at his absence. The chairman is responsible for managing the Board meetings, ensuring that negotiations are held in order and the discussions during the meetings are recorded. While authorization of the Chairman of the Board, Board members and company executives are defined in the articles of association, no one in the company is given an unlimited decision making power.

According to the Corporate Governance Principles, our Board of Directors is required to be composed of at least four independent members. Similarly, according to relevant regulations, in the case where a separate Nomination Committee cannot be established due to the Board structuring, the Corporate Governance Committee can fulfill the responsibilities of this committee. In this respect, the Corporate Governance Committee assessed the candidate proposals to become an independent member, including the ones proposed by the board and shareholders, by

taking into consideration of whether or not the candidate meets the independency criteria and submitted this assessment as a report dated 04.02.2019 to the Board. The candidates for the independent board membership submitted their written statements to the Nomination Committee at the time they were proposed as candidates, that they are independent within the framework of the law, articles of association and the principles.

The written statement by all independent Board members declaring their independent

status in the context of the principles in the regulatory framework, articles of association and the communiqué is as follows:

I hereby declare and state that;

- 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
- I am not registered nor declared on behalf of the corporate entity for which I will be elected as a Board Member

and thus I shall carry out the duties imposed upon me due to my being a board member as an independent member.

In accordance with the report of the Nomination Committee, the Board's decision to appoint Barış Tan, Uğur Bayar, Şevki Acuner and İzzet Karaca as independent Board members, was sent to CMB for opinion on 15.02.2019. CMB informed our Company that it delivers no negative opinion on independent membership of these candidates, via its written statement dated 1.03.2019.

Therefore, the precise independent Board membership candidates list and information about the candidates was disclosed to public through an information document released with the announcement of the General

Assembly. Assignment of candidates whose curriculum vitae were submitted in the information document, was approved at the General Assembly dated 30.04.2019 and came into force.

Individuals who were elected as Independent Board Members were neither registered nor declared on behalf of a corporate identity.

In 2019, there arose no situation which revoked the independence of independent members of the Board of Directors.

There are currently no executive members in the Board of Directors. According to our articles of association, the office terms of Board members are up to three years, and it is possible for these members to be re-elected.

While our Company is insured against damages that may be caused due to the faults of the members of the Board of Directors during the execution of their duties, the total annual responsibility limit of the relevant insurance is in line with the amount stated in Corporate Governance Principles.

Although in the previous years, more than one woman member was present in our Board of Directors, currently, there are no women Board members. It is recommended by the Corporate Governance Committee to the Board of Directors to include women members in the Board in the coming years and our efforts continue within this regard.

While the Independent Board members, Mr. Uğur Bayar, Mr. Şevki Acuner, Mr. Barış Tan and Mr. İzzet Karaca each being paid a total of TL 127,500 annually, no payment is done to the other members of the Board.

## 2. Working Principles of the Board of Directors

The Board of our company executes its activities transparently, accountably, fairly and responsibly in accordance with the requirements set by the Corporate Governance Principles.

## ADDITIONAL INFORMATION ON CORPORATE GOVERNANCE

The Board has a leading role to protect the efficient communication and to eradicate and find solutions for disagreements between the company and the shareholders. For this purpose, the Board conducts its roles with a close cooperation with the Corporate Governance Committee and Investor Relations Unit.

In accordance with Article no 4.4.1 of Corporate Governance Principles, the Board gathers as often so that it performs its duties effectively. The gathering procedures and frequency of Board meetings, meeting and resolution quorum, process of asserting objections and the validity of Board resolutions are explicitly laid down in our Company's Articles of Association. In this context, the Board holds its ordinary meetings five-six times a year and the Board members also convene upon any extraordinary situation and negotiate and render resolutions on critical agenda issues. In accordance with our Articles of Association, majority of the members of the Board of Directors participates to the Board meetings and board decisions are taken with the vote of the majority of the total members of the Board.

The average rate of participation of Board Members in these five meetings during the year 2019 has been 92% and Board members aim attending every meeting and present an opinion. When there are dissenting opinions on reasonable and detailed grounds regarding the questions asked or different opinions expressed by Board members, these are recorded in the meeting minutes.

The agenda of Board meetings comprises of the agenda issues designated in the previous Board meeting for further negotiation in the next meeting along with the issues designated by the related Group President. However, before the meeting, a Board member may propose the Chairman of the Board to make a change in the agenda. The opinion of a member, who did not attend the meeting but submitted his opinion to the Board in written

format, is also submitted for other member's review.

Dates of the Board meetings are determined at the beginning of the year and accordingly the Board members are notified of the meeting dates. Furthermore, Board members are also notified by means of a formal memorandum and report at least one week prior to any meeting. A secretariat is established for the meetings and all questions raised during the meetings and all issues negotiated are recorded into meeting minutes.

Each member in the Board has one voting right and Board Members do not have the right of weighted vote and/or power of veto. Board meetings are held in accordance with Article no 4.4.6 of Corporate Governance Principles.

Meeting minutes that have the nature of trade secrets are not disclosed to the public. However, all of the critical matters resolved are announced through public disclosures.

The Board resolutions related to the related party transactions of our Company are taken with the majority vote of the independent members; in accordance with the Corporate Governance Principles.

There were no transactions that are in the scope of the significant transactions as described in Article 1.3.9 of Corporate Governance Principles, in 2019.

### 3. Number, Structure and Independence of the Committees established under the Board

According to Article no 4.5.1 of Corporate Governance Principles, in order the board to perform its duties properly, an Audit Committee, a Corporate Governance Committee, a Nomination Committee, an Early Determination of Risk Committee and a Remuneration Committee should be established, however, in case a separate Nomination Committee, Early Determination of Risk Committee and Remuneration Committee cannot be established due to the structure

of Board, Corporate Governance Committee may fulfill the responsibilities of these committees. In this context, in addition to the Audit Committee and Corporate Governance Committee that were already present in our company, Committee for Early Detection of Risks was established according to the Board resolution dated 07.06.2012. Responsibilities of committees that are not present within Board of Directors are fulfilled by the Corporate Governance Committee according to Corporate Governance Principles.

According to Article no 4.5.2 of Corporate Governance Principles, the scope of duties, the working principles and the members of the committees' are identified and disclosed to the public by the Board. In this context, in line with the Principles, Charters regarding functions and working principles of Committees were approved on 29.06.2012 and disclosed to public on our company website at [www.anadoluefes.com](http://www.anadoluefes.com). Charters of the Audit Committee and Corporate Governance Committee that were updated in accordance with the revised Corporate Governance Principles were approved on 06.03.2014 and were made available to public at our corporate website. There arose no necessity to revise the Charter of the Committee for Early Detection of Risks.

Apart from this, Article no 4.5.3 of Corporate Governance Principles requires all members of the Audit Committee and the chairman of other committees to be selected from independent Board members. In this context, selection of chairman and members to Committees was done through Board resolution dated 08.05.2019 for one year, was in line with this Corporate Governance Principle. Likewise, in line with the Principles, the chief executive/general manager does not have a role in any of the committees.

Evaluation of the Board of Directors regarding the working principles and efficiency of Committees constituted within the Board is presented as attachment to Corporate Governance Compliance Report (Attachment 1).

#### 4. Risk Management and Internal Control Mechanism

The aim of risk management and internal control mechanism is the protection of the value of the assets of the company, operational efficiency and pursuing sustainability. Intended for this aim, risk management and internal control mechanisms have been established within the Company and fundamental principles with respect thereto are being announced via our annual report and website.

Identification of all the existing and potential risks for the Company, development of practices for obtaining competitive advantage and sustainability by taking appropriate actions against the identified risks and monitoring of such practices constitute the basic starting point of the risk management system.

The Committee for Early Detection of Risks is established within the Company for early detection of risks that might endanger the existence, development and perpetuation of the Company and to implement measures required against the risks determined as well as the management of risks. The Committee for Early Detection of Risks convenes as often as deemed necessary for the effectiveness of the work, at least two times per annum and regularly briefs the Board of Directors of the Company about its meeting resolutions, important sightings and recommendations. Thus, the Corporate Risk Management work is led and monitored by the top management.

Corporate Risk Management system enables managers at all levels to determine current as well as potential risks and opportunities to be encountered while achieving Company targets, evaluate their likely impacts based on the Company's risk-taking profile, as well as plan and implement necessary actions. The risks and action plans are integrated into strategic business plans to make the necessary resource allocations.

Helped by the Corporate Risk Management software, which was initiated in all of our domestic and international operations, risk management system was made prevalent in whole company. Thus, participation to risk evaluation is achieved at every level. The outcomes are used in supporting business continuity studies as well as operational and strategic decisions.

Existing or potential risks for our Company are defined below:

Financial risk; assets /liabilities risk, credibility, equity/ debt ratio, exchange rate risk and other factors that can affect the Company's financial status.

Strategic Risk; risk factors such as shareholders, investor relations, mergers and acquisitions that may affect the sustainable growth of the Company, corporate governance structure, company and brand value.

Operational risk; risks that may affect every part of the business from the suppliers to the customers, and so the processes including business continuity, compliance, reputation, occupational health and safety.

Environmental risk; risk factors such as fire, earthquake, etc. that can affect the Company's business continuity and safety.

Performance and risk indicators are used as early warning systems in order to trace risks and take necessary precautions on time. The SAP ERP system that is integrated to all procedures in the Company is an efficient technological decision support system that is used for this purpose.

SAP ERP supplies operational results in real time that eliminates the human error and makes early detection of risks possible and improves the efficiency of the internal control system. Softwares and technologies particularly used by sales teams in the field are constantly improved to make sure that teams can access correct information immediately

for making quick and right decisions by which customer satisfaction and competitive advantage are aimed at. With the use of high level internal communication technologies, we aim to handle and solve the problems in a short time period.

Emergency situation management systems are established against potential natural risks while investments in backup systems are made to prevent systems from being affected and losing any data in case of an emergency situation. Additionally, all our facilities are insured in order to minimize the environmental risks.

Additionally, environmental factors and extraordinary situations are monitored on an immediate basis and investigations are made to take necessary measures to minimize risk.

Investments in line with annual budgets and business plans allow us to use the state-of-the-art technology in our facilities and the most up to date technology prevailing in the global brewing industry is utilized.

Training programs about leadership, management skills and competency improvement are made available to all employees. These programs are increasing employee engagement while having positive effects on business management and results.

Within the finance function, the actual results are compared to the budgeted figures on a regular basis and any deviations are analyzed.

The "Guarantee - Risk Management System" devoted to tracking customer risks has been put into service. Accordingly, purchasing limits applicable to our customers have been established and our systems are designed to prevent any product shipments in excess of prescribed limits.

Current systems and processes are strengthened through projects and studies regarding cyber-attack, information security and personal data protection.

## ADDITIONAL INFORMATION ON CORPORATE GOVERNANCE

Internal Control Mechanism can be defined as all practices aimed to eliminate circumstances that may affect reaching the goals of the Company negatively and/or reduce their effects and possibility and disclose any non-compliances. Standard definitions, policies and procedures, job descriptions and delegation structures regarding business processes constitute the basis of internal control system. In this context, holistic internal control systems including preventive reformative and fixative ones have been established by the management, in order for the company to carry out Company's business effectively and efficiently.

Through internal control systems established within the company, it is aimed to ensure safety of assets, provide effectiveness and efficiency of operations, trustworthiness of the financial reporting system, compliance with regulations, and assurance regarding these issues. The relevant internal control systems are also intended to protect the assets, reputation, sustainability and profitability of the company. An internal audit function has been established within the Company. This function is organized comprising of both the headquarters and our subsidiaries, and conducts process audits investigating the efficiency of the general control environment, corporate governance and risk management structures of our company, in accordance with International Internal Audit Standards for Professional Practice and the related laws and regulations, also benefitting from the auditors of AG Anadolu Grubu Holding A.S, who are specialized in their areas in addition to internal sources. The execution of the accounting system of the Company, the disclosure of financial information to the public, the external audit of the Company and supervision of the functioning and efficiency of the internal control system are mainly carried out by the Audit Committee established by the Board of Directors of the Company. While carrying out the relevant function, the Audit Committee utilizes the findings of the Independent Audit, and Certified Councillorship, Internal Audit

Directorate, Audit Presidency of AG Anadolu Grubu Holding A.Ş and Risk Management Coordinatorship of Anadolu Group.

The authorities and responsibilities are defined in writing in the internal control mechanism of the Company. Within this framework, the rules governing the fulfillment of tasks by functions in their respective business areas and the holders of such responsibilities are explicitly defined. The internal control mechanism is equipped with the following features:

- Purposes and principles of activities are explicitly defined.
- Possible conflict of interests taken into account in the allocation of entrant and confirmative responsibilities
- The current and potential risks of the Company are defined and constantly being monitored.
- Regular reporting is made to executives.

Issues to be approved as per chart of authorities are provided to executives electronically accompanied with detailed remarks and viewed, scrutinized and approved by several executives within pre-determined limits.

### 5. Strategic Objectives of the Company

While the authorization and responsibilities of the Board members are clearly listed in our articles of association and the duties and responsibilities that are carried out by Board members de facto include:

- Setting the vision and mission of the company,
- Setting the strategic targets of the company,
- Determining the human and financial resource needs of the company,
- Auditing the performance of the management,
- Approving the budget and working plans of the company,

- Checking whether the company reaches its targets, examine results of operations,
- Ensure that the operations of the company are in line with regulations, articles of association, internal rules and policies,
- Examine Corporate Governance Principles of the company and improve missing points,
- Form the committees of the Board and ensure their operability.

While The Board manages and represents the company and is particularly loyal to company's long-term interests by keeping the risk, growth and return balance of the company at the optimum level through taking strategic decisions and with rationalistic and prudent risk, it is responsible for the company to reach its preset and publicly disclosed operational and financial performance targets. In this context, related Directorships make annual budgets and business plans every year and submits them to the Board. As a result, the operating results which are held in accordance with the plans throughout the year are continuously compared with the budget that was approved by the Board of Directors and the reasons of the deviations are analyzed.

### 6. Financial Benefits

In accordance with the decision taken on Annual Ordinary General Assembly, our company does not make any payment to Board members except for the independent Board members. On the Ordinary General Assemble dated 30.04.2019, it was decided to make an annual net payment of TL 127,500 on a monthly basis, to each independent Board member aiming to secure their independency. In accordance with the Article 4.6.5 of Corporate Governance Principles, the remunerations and all other benefits provided to Board members and managers having administrative responsibility are made public through our annual report. However, the declaration is not made separately for each member, but a cumulative number is given for all board members and managers having administrative responsibility.

The company has not lent any money, given any loan, extended the maturity of the loans or credits, improved the conditions of the loans, given any loan under the name of an individual loan through third parties or given guarantee such as bail to a Board member or to the managers having administrative responsibility.

According to Article no 4.6.2 of Corporate Governance Principles, the remuneration principles of the Board members and managers having administrative responsibility should be in written form and the shareholders should be enabled to give their opinion after submitting these written remuneration principles to their reviews with a separate article in the General Assembly. Our remuneration policy prepared in this context is also made available to public at our company website [www.anadoluefes.com](http://www.anadoluefes.com).

While there is no Nomination Committee established within the Board of Directors, in line with the Corporate Governance Principles, responsibilities of this committee are fulfilled by the Corporate Governance Committee.

#### ATTACHMENT 1

##### EVALUATION OF THE BOARD OF DIRECTORS REGARDING THE WORKING PRINCIPLES AND EFFICIENCY OF THE COMMITTEES FORMED WITHIN THE BOARD

After the selection of Chairman and members made in accordance with Corporate Governance Principles, it has been decided to;

Appoint Board Member Mr. İzzet Karaca as the Chairman of the Audit Committee; Mr. Şevki Acuner as a member of the Audit Committee,

Appoint Board Member Mr. Uğur Bayar as the Chairman of the Corporate Governance Committee, and Board Members Mr. Yılmaz Argüden, Mrs. Aslı Kılıç Demirel, Mr. Kamilhan Süleyman Yazıcı; Mr. Jason Warner ve Mr. Mehmet Hurşit Zorlu'nun as members of the

Corporate Governance Committee,

Appoint Board Member Mr. Barış Tan as the Chairman of the Early Detection of Risk Committee and Mr. Tuğban İzzet Aksoy, Mr. Cem Kozlu and Mr. Ben Graham as the member of the Early Detection of Risk Committee.

Charters regarding functions and working principles of the three afore-mentioned Committees were approved on 29.06.2012 and disclosed to public on our company website at [www.anadoluefes.com](http://www.anadoluefes.com). Charters of the Audit Committee and Corporate Governance Committee that were updated in accordance with the revised Corporate Governance Principles were approved on 06.03.2014 and were made available to public at our corporate website. There arose no necessity to revise the Charter of the Committee for Early Detection of Risks.

In 2019, all committees constituted within the Board of Directors have performed their functions as required in Corporate Governance Principles and their own Charters, and performed efficiently.

In 2019, in compliance with the way required for the efficiency of their functions, their Charters and annual meeting schedules;

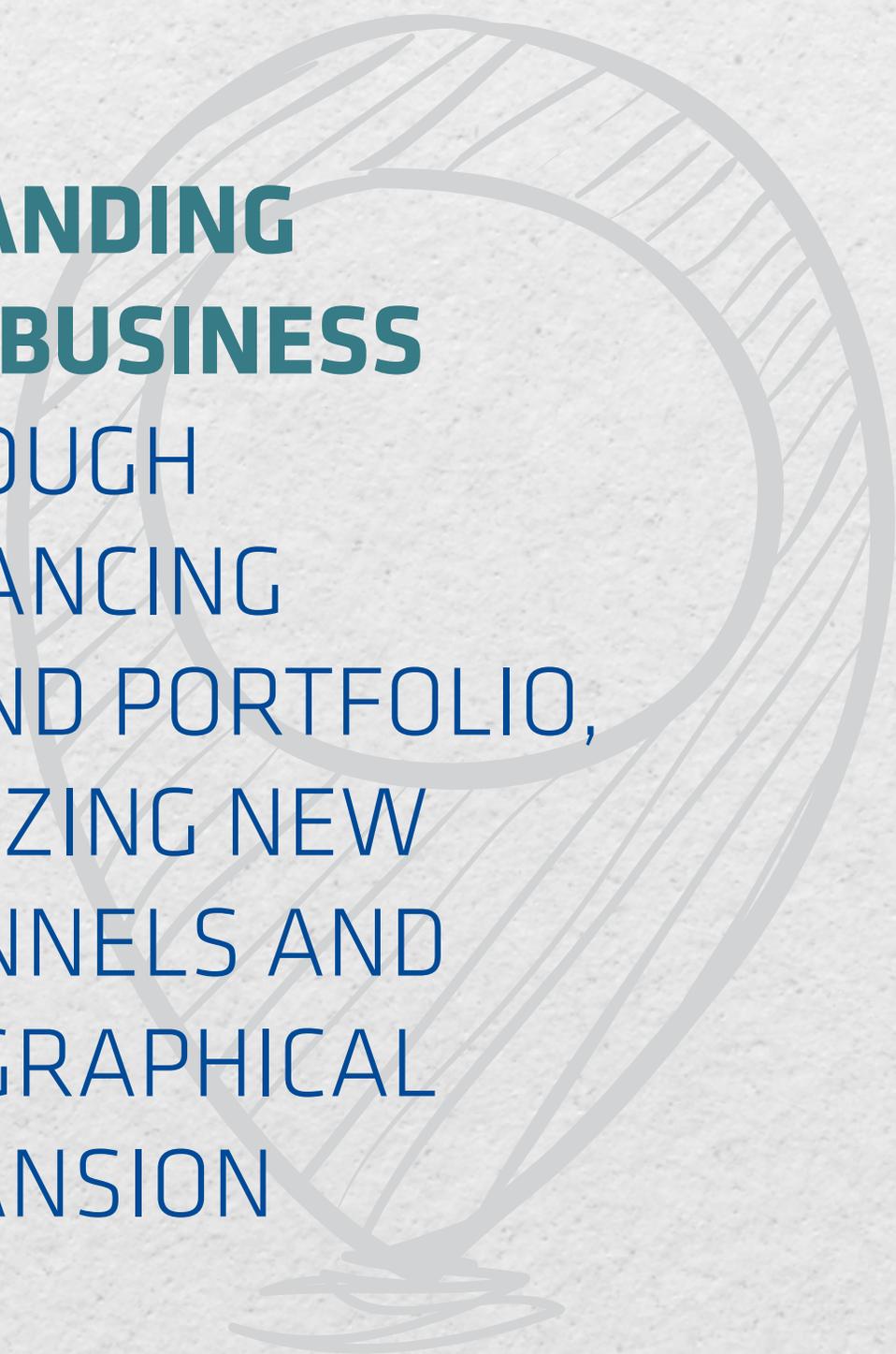
- Audit Committee met five times on 26.02.2019, 28.02.2019, 28.05.2019, 24.09.2019, 16.12.2019,
- Corporate Governance Committee met six times on, 26.02.2019, 28.02.2019, 30.07.2019, 07.08.2019, 24.09.2019 and 16.12.2019,
- Corporate Governance Committee met once on 04.02.2019 in order to execute duties of the Nomination Committee,
- Early Detection of Risk Committee met four times on 28.05.2019, 30.07.2019, 24.09.2019 and 16.12.2019

and submitted reports to the Board, consisting of information on their work and results of the meetings held during the year. According to this,

- Audit Committee that is responsible for taking all necessary measures in order to ensure that internal and external auditing are carried out adequately and transparently, as well as efficient performance of internal control system; has submitted all of its suggestions on areas it is responsible for including its opinion and suggestions on the internal audit and internal control system.
- Corporate Governance Committee, that has been established to follow company's compliance to Corporate Governance Principles, develop improvement processes in this area and submit suggestions to the Board, has determined whether or not the Corporate Governance Principles were applied in the company, if not what is the reason, and also determined the conflict of interests occurred due to not complying with these principles totally and gave the Board advices that will improve the corporate governance practices; and monitored the works of the Investor Relations Unit.
- Early Detection of Risk Committee, that has worked on early determination of risks that will endanger the existence, development and sustainability of the company, has worked on the application of due precautions regarding the determined risks and has worked for the aim to manage the risks, scrutinized the systems of risk management of the company in accordance with Corporate Governance Principles and Charter of the Committee for Early Detection of Risks. The Committee also submitted risk assessment reports to the Board of Directors every two months in compliance with the Article 378 of the Turkish Commercial Code numbered 6102.



## EXPANSION AND GROWTH



**EXPANDING  
OUR BUSINESS**  
THROUGH  
ENHANCING  
BRAND PORTFOLIO,  
UTILIZING NEW  
CHANNELS AND  
GEOGRAPHICAL  
EXPANSION

# OTHER INFORMATION RELATED TO OPERATIONS

## 1. ANADOLU EFES BİRACILIK VE MALT SANAYİİ A.Ş. TRADE REGISTRATION

### Trade name:

Anadolu Efes Biracılık ve Malt Sanayii Anonim Şirketi

### Formation Date:

26.06.2000

### Registration Number:

91324

### Address of Record:

Fatih Sultan Mehmet Mahallesi Balkan Caddesi No: 58/24 Buyaka E Blok Ümraniye-İstanbul/Türkiye

### Number Of Issued Shares And Registered Share Capital:

592,105,263 shares each with a par value of TRL 1.00 (one Turkish lira).

On this basis the company's issued share capital amounts to TRL 592,105,263.

## 2. CHANGES IN THE ARTICLES OF ASSOCIATION:

No changes were made in the Articles of Association during the reporting period.

## 3. CAPITAL STRUCTURE

As of 31 December 2019, the company's registered share capital ceiling was TRL 900,000,000 and its issued capital was TRL 592,105,263,00. During the reporting period there was no change in the company's capital structure.

## 4. PRODUCTION AND SALES

### A. Production Volume

		2019	2018	CHANGE (%)
DOMESTIC BEER	BEER (MHL)	5.1	5.8	-12.2
	MALT (THOUSAND TONNES)	96.3	101.1	-4.8
INTERNATIONAL BEER	BEER (MHL) (PROFORMA)	29.9	27.7	7.9
	MALT (THOUSAND TONNES)	224.8	194.5	15.6
TOTAL SOFT DRINKS	SOFT DRINKS (MILLION UNIT CASES)	1,201	1,191	0.8

### B. Net Sales

2019	TURKEY BEER	INTERNATIONAL BEER	SOFT DRINKS	OTHER <sup>(1)</sup> AND ELIMINATIONS	TOTAL
SALES	2,254,505	8,765,210	12,245,010	87,041	23,351,766
INTERSEGMENT SALES	(36,631)	(1,106)	(218)	-	(37,955)
SALES REVENUES	2,217,874	8,764,104	12,244,792	87,041	23,313,811

2018	TURKEY BEER	INTERNATIONAL BEER	SOFT DRINKS	OTHER <sup>(1)</sup> AND ELIMINATIONS	TOTAL
SALES	1,869,509	6,158,091	10,623,385	65,065	18,716,050
INTERSEGMENT SALES	(24,892)	(1,094)	(378)	-	(26,364)
SALES REVENUES	1,844,617	6,156,997	10,623,007	65,065	18,689,686

## 5. EXPORTS

Turkey exports and CIF amounts in 2019 with comparison to 2018 is given in the table below.

	AMOUNT (MHL)			CIF AMOUNT (USD MILLION)		
	2019	2018	CHANGE (%)	2019	2018	CHANGE (%)
EXPORTS	0.56	0.43	30.23	40.15	28.85	39.17

## 6. CAPACITY AND CAPACITY UTILIZATION RATES

	CAPACITY	CAPACITY UTILIZATION RATE IN 2019 (%)*
DOMESTIC BEER (MHL)	7.0	73
INTERNATIONAL BEER (MHL)	41.4	72
TOTAL	48.4	72
MALT (DOMESTIC) (THOUSAND TONNES)	115	84
MALT (INTERNATIONAL) (THOUSAND TONNES)	229	98
SOFT DRINKS (MILLION UNIT CASES)**	1,642	73

\*Capacity Utilization Rate=Production Amount/Average Capacity

\*\* Annual production capacity calculations are based on the formula provided by The Coca-Cola Company to all bottlers of Coca-Cola products. Calculations are made according to high season capacity utilization rates. Capacity is defined as the product obtained by multiplying the hourly unit case output of a plant at targeted utilization. Because package mix and sales may change from year to year, production capacity calculations for one year may not be directly comparable to such calculations for other years even if the numbers of production lines are the same.

## 7. INVESTMENT POLICY AND INVESTMENT EXPENDITURES

Anadolu Efes is a company which pursues sustainable growth, takes risks that are quantifiable and manageable, and adroitly shepherds its investments. Continuously undertaking investments in order to maintain both its organic and its inorganic growth and to expand the market and foster a beer-appreciative culture in the countries in which it operates, the company also invests without letup in order to keep pace with rising demand. Anadolu Efes carries out its international beer investments through EBI, a wholly-owned subsidiary based in Holland, while its soft drinks investments in the Turkish and international markets are carried out by CCI, in which it is the majority shareholder. CCI is an independent company whose operations are completely separate from the Anadolu Efes' beer operations. CCI provides for its own investment and working capital needs from its own cash flow and/or by borrowing and it makes no demands of Anadolu Efes on this account.

All of Anadolu Efes' investments and all investments related to all beer operations taking place under Anadolu Efes' responsibility are undertaken in line with Board of Directors-approved annual budgets and investment decisions as specified in business plans. Investments in beer operations are conducted as spelled out in the company's Investment Management Guide ("Guide"), whose aims are to ensure the appropriateness of investment decisions and to achieve standardization and consistency in investment activities. Every investment is carried out so as to be compatible with that specific operation's strategic business plan. Our most important priority is to make certain that only the most profitable and essential investments are undertaken in all beer operations.

As a general principle, investment decisions must be based on the specific financial projections as spelled out in detail in the Guide and they must be documented in detail as also specified in the Guide.

The investment expenditures made by Anadolu Efes in recent years consist mainly of investments undertaken in three areas:

## OTHER INFORMATION RELATED TO OPERATIONS

- 1) Investments within the scope of the Company's growth strategy include various technical investments, including some improvements in existing facilities and those made within the framework of compliance, investments in marketing such as investments in coolers to increase the cold-availability of products.
- 2) A variety of short-term and long-term investments for technical improvements and complying with the requirements of laws and regulations in existing plants;
- 3) Marketing-related investments, such as investments in coolers aimed at increasing the cold-availability of products.

However, these expenditures are related only to Anadolu Efes beer operations, and as stated above, CCI provides for its own investment and working capital needs from its own responsibility. On the other hand, Anadolu Efes' actual investment expenditures varies from the estimates as it is affected by several factors, which include market conditions, funding opportunities, operating cash flows and other factors that are partially beyond its control.

Total investment-related cash flows amounted to TRL 1,526.2 million in 2019 compared with TRL 1,372.8 million in 2018.

The cash flow regarding investments was amounting TRL 1.526.2 million in 2019; out of which TRL 1,412.0 million was related to the purchase of tangible and intangible assets regarding the growth of beer and soft drink operations and TRL 114.0 million was related to the capital increases in joint ventures.

### 8. INVESTMENT INCENTIVES

Anadolu Efes takes advantage of new "investment incentives" that are provided in the scope of decree no 2012/3305 whose intent is to encourage investment in designated regions of the country. Anadolu Efes also benefits from incentives under the Ministry of Economy's "Turquality" project, specifically under the headings of "International Branding of Turkish-Made Products" and "Entrenching the 'Made In Turkey' Logo".

### 9. INFORMATION RELATED TO EMPLOYEES

The average number of employees for the years ended on 31.12.2019 and 31.12.2018 are as follows (numbers represent the employees of the companies that are being consolidated):

2018: 17,560

2019: 17,138

Our Company agreed with Tek Gıda İş Labor Union on the terms of the collective bargaining agreement for the period 1 September 2017 – 31 August 2019; the agreement is currently pending signature.

The main terms of the collective agreement are as follows;

- Gross wages of the union member employees will be increased by 525 TRL per person per month in the first year of the collective bargaining agreement,
- In the second year of the agreement, gross wages of the union member employees will be increased by the rate of increase in the consumer price index announced by the state statistical institute plus by 135 TRL per month.

### 10. DONATIONS AND ASSISTANCE; SOCIAL RESPONSIBILITY PROJECT-RELATED OUTLAYS; BENEFITS PROVIDED TO COMPANY DIRECTORS AND SENIOR MANAGERS

In 2019, Anadolu Efes paid out a total of TRL 4.1 million as charitable donations.

The consolidated value of Anadolu Efes' expenditures related to social responsibility projects was TRL 8.9 million.

Information about benefits consisting of salaries, bonuses, shares of profits, and similar forms of remuneration paid to members of the Company's Board of Directors and of its senior management is presented in the footnotes to the financial statements. The total value of all benefits provided to these persons as allowances (including travel, accommodation and representation allowances), as access to company-owned properties, as cash facilities, and as insurance and other guarantees was TRL 805 thousand in 2019.

## 11. R&D

Anadolu Efes has been carrying out R&D work on barley, one of the most important inputs used in brewing, since 1982. The company has developed 17 barley cultivars, all of which are registered in its own name. This R&D work has resulted in such benefits as diversifying and improving plant breeds, increasing crop productivity by 30%, and improving product quality.

## 12. ISSUES RELATED TO GROUP COMPANIES

Instances in which the company increased or reduced any direct or indirect stakes it owns in the capital of any associate, subsidiary, or joint venture during the reporting period are summarized below:

EFFECTIVE RATES	31.12.2019	31.12.2018	REASON FOR CHANGE
LLC Efes Ukraine	-	100.00%	Sale
JSC Moscow-Efes Brewery (Efes Moscow)	-	50.00%	Merger
Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş.	71.70%	39.70%	Capital Increase and Share Acquisition

## 13. OTHER ISSUES

The Company acquired none of its own shares during the reporting period.

The Company did not undergo any special audits during the reporting period. The Company did undergo normal audits by public authorities as required by the laws and regulations to which it is subject.

As of 31 December 2019, the Company was not a respondent in any suit whose outcome would be capable of significantly affecting either the Company's financial position or the conduct of its business.

As of the reporting date, no administrative or judicial action had been initiated against the company or any member of its Board on account of any violation of the requirements of law.

As of the reporting date, none of the members of the company's Board of Directors had demanded the issuance of any report as provided for under Article 199/4 of the Turkish Commercial Code.

The company's financial position is solid. There is no risk of its having insufficient capital or of its becoming insolvent.

None of the persons from the company's management has been engaged in business, on their own behalf or on behalf of someone else that is in competition with the company, in accordance with the permission given by the general assembly. In the Affiliate Report approved by the Board of Directors of Anadolu Efes Biracılık ve Malt Sanayii A.Ş. concerning the company's dealings with members of its own corporate group it is stated that the company was involved in no dealings that were directed by a controlling shareholder or by any entity belonging to a controlling shareholder or by any other controlling entity and there were no dealings that were undertaken solely for the benefit of a controlling shareholder or any entity belonging to a controlling shareholder; that there were no measures that were either taken or refrained from solely for the benefit of a controlling shareholder or of any entity belonging to a controlling shareholder; that all the dealings in which the company was involved during 2019 with any controlling shareholder or with any entity belonging to a controlling shareholder were conducted on an arm's-length basis and the company was, to the best of our knowledge, adequately and appropriately compensated for each and every such transaction that it entered into at the time the transaction occurred; that there were no measures that were either taken or refrained from that would have benefited a controlling shareholder of Anadolu Efes Biracılık ve Malt Sanayii A.Ş. or any entity belonging to a controlling shareholder while also causing the company to suffer a loss and that, for this reason, there were no transactions or measures whose consequences need to be compensated for.

**Information about the conflicts of interest between the Company and the corporations providing the Company with services such as investment consultancy and rating services and the measures taken by the company to prevent such conflicts of interest:**

No conflicts of interest have been observed during the period. Regarding the procurement of services such as investment consultancy and rating services, our Company complies with all legal provisions including the CMB legislation, and pays utmost attention to prevent any situation that could lead to a conflict of interest in this respect.

## 2019 DIVIDEND DISTRIBUTION TABLE

### ANADOLU EFES BİRACILIK VE MALT SANAYİİ A.Ş. 2019 Dividend Distribution Table TL)

1.	Paid-in / Issued Capital		592,105,263.00
2.	Total Legal Reserves (According to Legal Records)		372,939,109.84
If there are privileges for distribution of profits according to the articles of association, information on such privileges			
		<b>Based on CMB Regulations</b>	<b>Based on Legal Records</b>
3.	Current Period Profit	1,671,015,674.16	392,360,241.37
4.	Taxes Payable (-)	649,511,414.16	0.00
<b>5.</b>	<b>Net Current Period Profit</b>	<b>1,021,504,260.00</b>	<b>392,360,241.37</b>
6.	Losses in Previous Years (-)		1,173,150,603.90
7.	Primary Legal Reserve	0.00	0.00
<b>8.</b>	<b>NET DISTRIBUTABLE CURRENT PERIOD PROFIT (=)</b>	<b>1,021,504,260.00</b>	<b>-780,790,362.53</b>
9.	Donations Made during the Year (+)	4,071,529.00	
10.	Donation-Added Net Distributable Current Period Profit on which First Dividend Is Calculated	1,025,575,789.00	
11.	First Dividend to Shareholders (5% of the Paid-in Capital)	(10*The rate determined by the company)	
	- Cash		
	- Bonus		
	- Total		
12.	Dividend Distributed to Owners of Privileged Shares		
13.	Other Dividend Distributed		
	- To the Employees,		
	- To the Members of the Board of Directors,		
	- To Non-Shareholders		
14.	Dividend to Owners of Redeemed Shares	19,245,874.67	
15.	Second Dividend to Shareholders		
16.	Secondary Legal Reserves		
17.	Statutory Reserves		
18.	Special Reserves		
19.	EXTRAORDINARY RESERVES	1,002,258,385.33	
20.	Other Distributable Resources	1,050,394,736.56	1,050,394,736.56
	- Extraordinary Reserves		
	- Other Reserves That Can Be Distributed as per the Law and Articles of Association		
	-Other Distributable Reserves (From the legally released part of the Emission Premium)	1,050,394,736.56	1,050,394,736.56

### ANADOLU EFES BİRACILIK VE MALT SANAYİİ A.Ş. 2019 DIVIDEND RATES

GROUP	DIVIDEND AMOUNT		TOTAL DIVIDEND AMOUNT (TRL) / NET DISTRIBUTABLE CURRENT PERIOD PROFIT	DIVIDEND TO BE PAID FOR SHARE WITH PAR VALUE OF TRL 1	
	CASH (TRL)	BONUS (TRL)	RATE (%)	CASH (TRL)	RATE (%)
<b>NET</b>	<b>892,835,526.08</b>	<b>-</b>	<b>-</b>	<b>1,50790</b>	<b>150,79000</b>

# STATEMENT OF RESPONSIBILITY

## BOARD OF DIRECTORS' RESOLUTION ON THE APPROVAL OF FINANCIAL CORPORATE GOVERNANCE INFORMATION FORM, CORPORATE GOVERNANCE COMPLIANCE REPORT AND ANNUAL REPORT

RESOLUTION DATE: 27 FEBRUARY 2020 / 10 MARCH 2020

RESOLUTION NUMBER: 2020 - 477 / 482

## DECLARATION OF RESPONSIBILITY PURSUANT TO ARTICLE 9 OF THE SECOND SECTION OF THE CAPITAL MARKETS BOARD COMMUNIQUE ON PRINCIPLES PERTAINING TO FINANCIAL REPORTING IN CAPITAL MARKETS

Appended to this resolution are our financial statements, corporate governance information form, corporate governance compliance report and annual report for January-December 2019, which have been approved by our company's Board of Directors and Audit Committee, which have been prepared in compliance with Capital Markets Board ("SPK") Communiqué II-14.1 on principles pertaining to financial reporting in capital markets and with Turkish Accounting/Financial Reporting Standards ("TMS"/"TFRS") and in an SPK-compatible format, and which have been independently audited. We hereby declare:

- We have examined the consolidated financial statements, corporate governance information form, corporate governance compliance report and annual report dated 31 December 2019;
- That, to the best of our knowledge within the framework of our duties and responsibilities at our company, neither the consolidated financial statements nor the corporate governance information form, corporate governance compliance report and annual report 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;
- 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 the annual report honestly reflects our company's business and performance and honestly reflects our company's financial standing along with any material risks and uncertainties that confront it.

Sincerely

İZZET KARACA  
Chairman of the Audit Committee

ŞEVKİ ACUNER  
Member of the Audit Committee

N. ORHUN KÖSTEM  
Group CFO

KEREM İŞERİ  
CFO



# INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT

## Deloitte.

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**(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

To the General Assembly of Anadolu Efes Biracılık ve Malt Sanayii A.Ş.

#### 1) Opinion

As we have audited the full set consolidated financial statements of Anadolu Efes Biracılık ve Malt Sanayii A.Ş. ("the Company") and its subsidiaries ("the Group") for the period between 1 January 2019–31 December 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 1 January 2019 – 31 December 2019 in our Auditor's Report dated 27 February 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 Koray Öztürk.

İstanbul, 10 March 2020

**ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2019 TOGETHER WITH**  
**INDEPENDENT AUDITOR'S REPORT**

Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish

## INDEPENDENT AUDITOR'S REPORT



DRT Bağımsız Denetim ve  
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### (CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH)

#### INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Anadolu Efes Biracılık ve Malt Sanayii A.Ş.

#### A) Report on the Audit of the Financial Statements

##### 1) Opinion

We have audited the consolidated financial statements of Anadolu Efes Biracılık ve Malt Sanayii A.Ş. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss, consolidated statement of other 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 31 December 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 Matter

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 the matter was addressed in the audit
<p><b>Impairment Testing of Goodwill and Intangible Assets with Indefinite Useful Lives</b></p> <p>Anadolu Efes Biracılık ve Malt Sanayii A.Ş. ("Anadolu Efes") and its subsidiary, Coca-Cola İçecek A.Ş. ("Coca-Cola"), has expanded their operations with business combinations. As a result of the business combinations, the share of goodwill and intangible assets in total assets has reached to 42% in the consolidated financial statements.</p> <p>The Group management performs 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, discount rate, long-term growth rate and inflation rate.</p> <p>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 indefinite lives intangible assets with indefinite useful lives is determined as a key audit matter.</p> <p>The related disclosures including the accounting policies for impairment testing of goodwill and indefinite lives intangible assets with indefinite useful lives are disclosed in Notes 2 ve 17.</p>	<p>The audit procedures applied including but not limited to the following are:</p> <ul style="list-style-type: none"> <li>• Evaluating the appropriateness of cash generating units determined by Group management,</li> <li>• Review of the Group's budget processes in details (basis of estimation) and review of basis and arithmetical accuracy of models that are used for discounted projected cash flows,</li> <li>• Comparing forecasted cash flows for each cash generating unit with its prior year's financial performances,</li> <li>• Through involvement of our internal valuation specialists, assessing the reasonableness of key assumptions used in each cash generating unit, including earnings before interest, tax, depreciation and amortization ("EBITDA"), long term growth rates and discount rates,</li> <li>• Comparative analysis of actual results with the initial estimations to verify the accuracy of historical estimations,</li> <li>• Evaluating sensitivity analysis of impairment tests for the potential changes in key assumptions,</li> <li>• Evaluating the appropriateness of related disclosures regarding to Intangible Assets with Indefinite Useful Lives and Goodwill in Notes 17 in accordance with TFRS.</li> </ul>

#### 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 27 February 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 1 January-31 December 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 Koray Öztürk.

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



Koray Öztürk  
Partner

İstanbul, 10 March 2020

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## ANADOLU EFES BİRACILIK VE MALT SANAYİ ANONİM ŞİRKETİ

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2019

(Currency- Unless otherwise indicated thousands of Turkish Lira (TRL))

	Notes	Audited	
		December 31, 2019	Restated (Note 2) December 31, 2018
<b>ASSETS</b>			
Cash and Cash Equivalents	6	5.814.721	4.770.052
Financial Investments	9	380.280	21.163
Trade Receivables	10	2.727.201	2.413.804
- Trade Receivables Due from Related Parties	31	290.784	230.018
- Trade Receivables Due from Third Parties		2.436.417	2.183.786
Other Receivables	11	165.655	102.028
- Other Receivables from Related Parties	31	102.678	28.377
- Other Receivables from Third Parties		62.977	73.651
Derivative Financial Assets	8	3.492	-
Inventories	12	2.257.493	1.943.100
Prepaid Expenses	13	639.946	496.865
Current Tax Assets	29	229.259	168.428
Other Current Assets	21	465.909	439.255
- Other Current Assets from Third Parties		465.909	439.255
<b>Current Assets</b>		<b>12.683.956</b>	<b>10.354.695</b>
Financial Investments		798	792
Trade Receivables	10	1.619	1.437
- Trade Receivables Due from Third Parties		1.619	1.437
Other Receivables	11	76.654	52.866
- Other Receivables from Related Parties	31	21.394	-
- Other Receivables from Third Parties		55.260	52.866
Derivative Financial Assets	8	-	47.010
Investments in Subsidiaries, Joint Ventures and Associates	4	62.013	71.195
Investment Property	15	145.224	113.362
Property, Plant and Equipment	16	12.006.521	10.753.432
Right of Use Assets	14	396.115	-
Intangible Assets		19.524.195	16.956.534
- Goodwill	17	3.221.352	2.612.996
- Other Intangible Assets	17	16.302.843	14.343.538
Prepaid Expenses	13	358.813	407.495
Deferred Tax Asset	29	694.454	675.375
Other Non-Current Assets	21	6.113	997
<b>Non-Current Assets</b>		<b>33.272.519</b>	<b>29.080.495</b>
<b>TOTAL ASSETS</b>		<b>45.956.475</b>	<b>39.435.190</b>

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

## ANADOLU EFES BİRACILIK VE MALT SANAYİ ANONİM ŞİRKETİ

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2019

(Currency- Unless otherwise indicated thousands of Turkish Lira (TRL))

	Notes	Audited	
		December 31, 2019	Restated (Note 2) December 31, 2018
<b>LIABILITIES</b>			
Current Borrowings	7	757.458	830.699
- Current Borrowings from Related Parties	31, 7a	-	328.327
- Other short-term borrowings	7a	-	328.327
- Current Borrowings from Third Parties		757.458	502.372
- Banks Loans	7a	757.458	502.372
Current Portion of Non-Current Borrowings	7	1.539.089	1.524.416
- Current Portion of Non-Current Borrowings from Related Parties	31, 7a	-	196.784
- Other Current Portion of Non-Current Borrowings	7a	-	196.784
- Current Portion of Non-Current Borrowings from Third Parties		1.539.089	1.327.632
- Banks Loans	7a	882.925	1.294.738
- Lease Liabilities	7b	130.523	-
- Issued Debt Instruments	7a	525.641	32.894
Trade Payables	10	5.293.722	3.600.610
- Trade Payables to Related Parties	31	486.304	282.578
- Trade Payables to Third Parties		4.807.418	3.318.032
Employee Benefit Obligations	19	81.955	77.035
Other Payables	11	1.423.121	1.472.436
- Other Payables to Third Parties		1.423.121	1.472.436
Derivative Financial Liabilities	8	13.360	29.832
Deferred Income (Deferred Income Other Than Contract Liabilities)	13	44.010	58.592
Current Tax Liabilities	29	29.714	17.051
Current Provisions	20	174.064	194.729
- Current Provisions for Employee Benefits		115.224	113.218
- Other Current Provisions		58.840	81.511
Other Current Liabilities	21	213.122	100.458
<b>Current Liabilities</b>		<b>9.569.615</b>	<b>7.905.858</b>
Long-Term Borrowings	7	8.253.494	6.873.565
- Long-term Borrowings from Third Parties		8.253.494	6.873.565
- Banks Loans	7a	1.622.498	797.835
- Lease Liabilities	7b	315.528	-
- Issued Debt Instruments	7a	6.315.468	6.075.730
Trade Payables	10	10.864	44.207
- Trade Payables to Third Parties		10.864	44.207
Other Payables	11	473.497	391.376
- Other Payables to Third Parties		473.497	391.376
Deferred Income (Deferred Income Other Than Contract Liabilities)	13	2.128	975
Non-Current Provision	20	188.435	143.175
- Non-Current Provision for Employee Benefits		188.435	143.175
Deferred Tax Liabilities	29	3.073.271	2.741.615
Other Non-Current Liabilities	21	211.759	206.375
<b>Non-Current Liabilities</b>		<b>12.213.448</b>	<b>10.401.288</b>
<b>Equity Attributable to Equity Holders of the Parent</b>		<b>12.970.407</b>	<b>11.175.082</b>
Issued Capital	22	592.105	592.105
Inflation Adjustment on Capital	22	63.583	63.583
Share Premium (Discount)		2.434.374	2.765.214
Put Option Revaluation Fund Related with Non-controlling Interests		6.773	6.773
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss		(27.978)	(23.464)
- Revaluation and Remeasurement Gain/Loss		(27.978)	(23.464)
Other Accumulated Comprehensive Income (Loss) that will be Reclassified in Profit or Loss		4.522.459	3.443.292
- Currency Translation Differences		5.712.414	4.118.158
- Gains (Losses) on Hedge		(1.189.955)	(674.866)
Restricted Reserves Appropriated from Profits	22	372.939	342.931
Prior Years' Profits or Losses		3.984.648	3.996.332
Current Period Net Profit or Losses		1.021.504	(11.684)
<b>Non-Controlling Interests</b>	4	<b>11.203.005</b>	<b>9.952.962</b>
<b>Total Equity</b>		<b>24.173.412</b>	<b>21.128.044</b>
<b>TOTAL LIABILITIES</b>		<b>45.956.475</b>	<b>39.435.190</b>

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

## ANADOLU EFES BİRACILIK VE MALT SANAYİ ANONİM ŞİRKETİ

### CONSOLIDATED INCOME STATEMENT

#### FOR THE YEAR ENDED DECEMBER 31, 2019

(Currency- Unless otherwise indicated thousands of Turkish Lira (TRL))

	Notes	Audited	
		Current Period 1 January- 31 December 2019	Restated (Note 2) Previous Period 1 January- 31 December 2018
Revenue	5, 23	23.313.811	18.689.686
Cost of Sales	23	(14.531.841)	(11.957.339)
<b>GROSS PROFIT (LOSS)</b>		<b>8.781.970</b>	<b>6.732.347</b>
General Administrative Expenses	24	(1.770.749)	(1.557.701)
Sales, Distribution and Marketing Expenses	24	(4.930.372)	(3.957.760)
Other Income from Operating Activities	26	816.855	554.356
Other Expenses from Operating Activities	26	(663.959)	(408.249)
<b>PROFIT (LOSS) FROM OPERATING ACTIVITIES</b>		<b>2.233.745</b>	<b>1.362.993</b>
Investment Activity Income	27	909.544	231.251
Investment Activity Expenses	27	(221.957)	(178.481)
Income/(Loss) from Associates	4	(123.732)	(81.065)
<b>PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)</b>		<b>2.797.600</b>	<b>1.334.698</b>
Finance Income	28	1.230.218	3.093.380
Finance Expenses	28	(2.082.369)	(4.052.020)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS</b>		<b>1.945.449</b>	<b>376.058</b>
Tax (Expense) Income, Continuing Operations		(649.512)	(277.172)
- Current Period Tax Income (Expense)	29	(450.702)	(261.271)
- Deferred Tax Income (Expense)	29	(198.810)	(15.901)
<b>PROFIT/(LOSS)</b>		<b>1.295.937</b>	<b>98.886</b>
<b>Profit/(Loss) Attributable to</b>			
- Non-Controlling Interest	4	274.433	110.570
- Owners of Parent		1.021.504	(11.684)
<b>Earnings/(Loss) Per Share (Full TRL)</b>	30	<b>1,7252</b>	<b>(0,0197)</b>

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

## ANADOLU EFES BİRACILIK VE MALT SANAYİ ANONİM ŞİRKETİ

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

(Currency- Unless otherwise indicated thousands of Turkish Lira (TRL))

	Notes	Audited	
		Current Period 1 January- 31 December 2019	Restated (Note 2) Previous Period 1 January- 31 December 2018
<b>PROFIT/(LOSS)</b>		<b>1.295.937</b>	<b>98.886</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Other Comprehensive Income that will not be Reclassified to Profit or Loss</b>		<b>(8.251)</b>	1.277
Gains (Losses) on Remeasurements of Defined Benefit Plans	20	(10.112)	1.603
Taxes Relating to Components of Other Comprehensive Income that will not be reclassified to profit or loss			
be Reclassified to Other Profit or Loss		1.861	(326)
- <i>Deferred Tax Income (Expense)</i>		1.861	(326)
<b>Other Comprehensive Income that will be Reclassified to Profit or Loss</b>		<b>2.207.826</b>	2.068.825
Currency Translation Differences		2.864.074	2.860.567
Other Comprehensive Income (Loss) on Cash Flow Hedge		(227.309)	216.312
Other Comprehensive Income (Loss) Related with Hedges of Net Investment in Foreign Operations	32	(572.837)	(1.229.608)
Taxes Relating to Components of Other Comprehensive Income that will be reclassified to profit or loss			
Reclassified to Other Profit or Loss		143.898	221.554
- <i>Deferred Tax Income (Expense)</i>		143.898	221.554
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		<b>2.199.575</b>	<b>2.070.102</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>		<b>3.495.512</b>	<b>2.168.988</b>
<b>Total Comprehensive Income Attributable to</b>			
- <i>Non-Controlling Interest</i>		1.399.355	1.126.930
- <i>Owners of Parents</i>		2.096.157	1.042.058

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

## ANADOLU EFES BİRACILIK VE MALT SANAYİ ANONİM ŞİRKETİ

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

#### FOR THE YEAR ENDED DECEMBER 31, 2019

(Currency- Unless otherwise indicated thousands of Turkish Lira (TRL))

						Other Accumulated Comprehensive Income that will not be reclassified in Profit or Loss	
		Notes	Issued Capital	Inflation Adjustment on Capital	Share Premium/ Discount	Put Option Revaluation Fund Related with Non-controlling Interests	Revaluation and Remeasurement Gain/(Loss) (**)
<b>Beginning Balances</b>			592.105	63.583	3.042.134	20.275	(24.467)
Restated ( Not 2) Previous period (1 January - 31 December 2018)	Transfers		-	-	(25.010)	-	-
	Total Comprehensive Income (Loss)		-	-	-	-	1.003
	Profit (Loss)		-	-	-	-	-
	Other Comprehensive Income (Loss)		-	-	-	-	1.003
	Increase (Decrease) through Changes in Ownership Interests in Subsidiaries that do not result in loss of control	3	-	-	-	-	-
	Dividends	22	-	-	(251.910)	-	-
	Acquisition or Disposal of a Subsidiary	3	-	-	-	-	-
	Capital Increase		-	-	-	-	-
	Increase (Decrease) from Other Changes (*)		-	-	-	(13.502)	-
	<b>Ending Balances</b>		592.105	63.583	2.765.214	6.773	(23.464)
<b>Beginning Balances</b>			<b>592.105</b>	<b>63.583</b>	<b>2.765.214</b>	<b>6.773</b>	<b>(23.464)</b>
Current Period (1 January - 31 December 2019)	Transfers		-	-	(30.008)	-	-
	Total Comprehensive Income (Loss)		-	-	-	-	(4.514)
	Profit (Loss)		-	-	-	-	-
	Other Comprehensive Income (Loss)		-	-	-	-	(4.514)
	Dividends	22	-	-	(300.832)	-	-
<b>Ending Balances</b>		<b>592.105</b>	<b>63.583</b>	<b>2.434.374</b>	<b>6.773</b>	<b>(27.978)</b>	

(\*) Non-controlling interest share put option liability.

(\*\*) Gains (Losses) on Remeasurements of Defined Benefit Plans.

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

**Other Accumulated  
Comprehensive Income that will  
be reclassified in Profit or Loss**

**Retained Earnings**

Currency Translation Differences	Gains (Losses) on Hedge	Restricted Reserves Appropriated from Profits	Prior Years' Profits or Losses	Current Period Net Profit or Loss	Equity Attributable to Equity Holders of the Parent	Non-Controlling Interests	Total Equity
2.361.784	28.769	317.921	3.260.176	149.420	9.811.700	5.853.895	15.665.595
-	-	25.010	149.420	(149.420)	-	-	-
1.756.374	(703.635)	-	-	(11.684)	1.042.058	1.126.930	2.168.988
-	-	-	-	(11.684)	(11.684)	110.570	98.886
1.756.374	(703.635)	-	-	-	1.053.742	1.016.360	2.070.102
-	-	-	586.736	-	586.736	(823.189)	(236.453)
-	-	-	-	-	(251.910)	(130.654)	(382.564)
-	-	-	-	-	-	3.903.478	3.903.478
-	-	-	-	-	-	42.890	42.890
-	-	-	-	-	(13.502)	(20.388)	(33.890)
4.118.158	(674.866)	342.931	3.996.332	(11.684)	11.175.082	9.952.962	21.128.044
<b>4.118.158</b>	<b>(674.866)</b>	<b>342.931</b>	<b>3.996.332</b>	<b>(11.684)</b>	<b>11.175.082</b>	<b>9.952.962</b>	<b>21.128.044</b>
-	-	30.008	(11.684)	11.684	-	-	-
1.594.256	(515.089)	-	-	1.021.504	2.096.157	1.399.355	3.495.512
-	-	-	-	1.021.504	1.021.504	274.433	1.295.937
1.594.256	(515.089)	-	-	-	1.074.653	1.124.922	2.199.575
-	-	-	-	-	(300.832)	(149.312)	(450.144)
5.712.414	(1.189.955)	372.939	3.984.648	1.021.504	12.970.407	11.203.005	24.173.412

# ANADOLU EFES BİRACILIK VE MALT SANAYİ ANONİM ŞİRKETİ

## CONSOLIDATED STATEMENT OF CASH FLOWS

### FOR THE YEAR ENDED DECEMBER 31, 2019

(Currency- Unless otherwise indicated thousands of Turkish Lira (TRL))

	Notes	Audited	
		1 January- December 31, 2019	Restated 1 January- December 31, 2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit/(Loss) for the Period		4.157.114	2.818.246
		1.295.937	98.886
<b>Adjustments to Reconcile Profit (Loss)</b>		<b>2.547.813</b>	<b>2.808.414</b>
Adjustments for Depreciation and Amortization Expense	5, 15, 16, 17,25	1.743.205	1.496.750
Adjustments for Impairment Loss (Reversal)	34	148.884	156.292
Adjustments for Provisions	34	81.121	72.146
Adjustments for Interest (Income) Expenses	34	314.465	259.787
Adjustments for Foreign Exchange Losses (Gains)		237.332	636.094
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments	34	34.210	16.347
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method	4	123.732	81.065
Adjustments for Tax (Income) Expenses	29	649.512	277.172
Adjustments for Losses (Gains) on Disposal of Non-Current Assets	27	(263.098)	(30.836)
Transfer of currency translation differences previously accounted as other comprehensive income	27	(467.516)	(169.937)
Other Adjustments to Reconcile Profit (Loss)		(54.034)	13.534
<b>Change in Working Capital</b>		<b>841.074</b>	<b>150.654</b>
Adjustments for Decrease (Increase) in Accounts Receivables		(337.466)	(651.258)
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		(142.718)	(280.983)
Adjustments for Decrease (Increase) in Inventories		(402.022)	(423.476)
Adjustments for increase (Decrease) in Trade Accounts Payable		1.610.696	982.444
Adjustments for increase (Decrease) in Other Operating Payables		112.584	523.927
<b>Cash Flows from (used in) Operations</b>		<b>4.684.824</b>	<b>3.057.954</b>
Payments Related with Provisions for Employee Benefits	20	(47.418)	(52.701)
Income Taxes (Paid) Return		(480.292)	(187.007)
		(1.601.797)	(1.372.787)
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		<b>(1.526.174)</b>	<b>(1.372.787)</b>
Cash Outflows Arising From Purchase of Shares or Capital Increase of Associates and/or Joint Ventures	4	(114.189)	(105.069)
Proceeds from Sales of Property, Plant, Equipment		411.051	105.946
Cash Outflows Arising from Purchase of Property, Plant, Equipment and Intangible Assets	15,16,17	(1.823.036)	(1.610.169)
Other Inflows (Outflows) of Cash	34	-	236.505
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>		<b>(1.489.217)</b>	<b>(4.115.991)</b>
Proceeds from Borrowings	7	2.427.127	1.491.673
Repayments of Borrowings	7	(2.662.159)	(4.807.590)
Payments of Lease Liabilities	7	(136.284)	-
Dividends Paid		(450.144)	(382.564)
Interest Paid	7	(531.131)	(552.684)
Interest Received		257.692	292.337
Other Inflows (Outflows) of Cash	34	(394.318)	(157.163)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES</b>		<b>1.141.723</b>	<b>(2.670.532)</b>
<b>Effect Of Currency Translation Differences On Cash And Cash Equivalents</b>		<b>(101.957)</b>	<b>2.027.706</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>1.039.766</b>	<b>(642.826)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	6	<b>4.756.359</b>	5.399.185
	6	<b>4.756.359</b>	<b>5.399.185</b>
	6	<b>(101.956)</b>	2.071.672
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	6	<b>5.796.125</b>	<b>4.756.359</b>

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

# ANADOLU EFES BİRACILIK VE MALT SANAYİ ANONİM ŞİRKETİ

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

(Currency- Unless otherwise indicated thousands of Turkish Lira (TRL))

Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish

### NOTE 1. GROUP'S ORGANIZATION AND NATURE OF ACTIVITIES

#### General

Anadolu Efes Biracılık ve Malt Sanayii A.Ş. (Anadolu Efes, the Company) was established in İstanbul in 1966. Certain shares of Anadolu Efes are listed on the Borsa İstanbul (BIST).

The registered office of the Company that was previously located at the address "Bahçelievler Mahallesi Şehit İbrahim Koparır Caddesi No: 4 Bahçelievler - İstanbul" has been changed as "Fatih Sultan Mehmet Mahallesi, Balkan Caddesi No:58, Buyaka E Blok, Tepeüstü, Ümraniye - İstanbul" as of November 1, 2019.

The Company, its subsidiaries and joint ventures will be referred to as the "Group". The average number of permanent personnel employed in the Group is 17138 (December 31, 2018 - 17.560).

The consolidated financial statements of the Group approved by the Board of Directors of the Company and signed by the Chief Financial Officer, Nusret Orhun Köstem and Finance Director, Kerem İşeri were issued on February 27, 2020. General Assembly and specified regulatory bodies have the right to make amendments to statutory financial statements after issue.

#### Nature of Activities of the Group

The operations of the Group consist of production, bottling, selling and distribution of beer under a number of trademarks and also production, bottling, distribution and selling of sparkling and still beverages with The Coca- Cola Company (TCCC) trademark.

The Group owns and operates twenty one breweries; three in Turkey, eleven in Russia and seven in other countries (December 31, 2018 - twenty one breweries; three in Turkey, eleven in Russia and seven in other countries). The Group makes production of malt in two locations in Turkey and three locations in Russia (December 31, 2018 - production of malt in two locations in Turkey and three locations in Russia).

The Group has ten facilities in Turkey, sixteen facilities in other countries for sparkling and still beverages production (December 31, 2018 - ten facilities in Turkey, sixteen facilities in other countries).

The Group also has joint control over Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş. (Anadolu Etap), which undertakes production and sales of fruit juice concentrates, purees and fresh fruit sales in Turkey and Syrian Soft Drink Sales & Dist. LLC (SSDSD), which undertakes distribution and sales of sparkling and still beverages in Syria.

#### List of Shareholders

As of December 31, 2019 and December 31, 2018, the composition of shareholders and their respective percentage of ownership can be summarized as follows:

	December 31, 2019		December 31, 2018	
	Amount	(%)	Amount	(%)
AG Anadolu Grubu Holding A.Ş.	254.892	43,05	254.892	43,05
AB Inbev Harmony Ltd.	142.105	24,00	142.105	24,00
Publicly traded and other	195.108	32,95	195.108	32,95
	<b>592.105</b>	<b>100,00</b>	592.105	100,00

The Company is controlled by AG Anadolu Grubu Holding A.Ş., the parent company.

# ANADOLU EFES BİRACILIK VE MALT SANAYİ ANONİM ŞİRKETİ

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

(Currency- Unless otherwise indicated thousands of Turkish Lira (TRL))

Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish

### NOTE 1. GROUP'S ORGANIZATION AND NATURE OF ACTIVITIES (continued)

#### List of Subsidiaries and Joint Ventures

The subsidiaries included in the consolidation and their effective shareholding rates at December 31, 2019 and December 31, 2018 are as follows:

Subsidiary	Country	Principal Activity	Segment	Effective Shareholding and Voting Rights %	
				December 31, 2019	December 31, 2018
Efes Breweries International N.V. (EBI)	The Netherlands	Managing foreign investments in breweries	International Beer	100,00	100,00
JSC FE Efes Kazakhstan Brewery (Efes Kazakhstan)	Kazakhstan	Production and marketing of beer	International Beer	100,00	100,00
International Beers Trading LLP (IBT)	Kazakhstan	Marketing of beer	International Beer	100,00	100,00
Efes Vitanta Moldova Brewery S.A. (Efes Moldova)	Moldova	Production and marketing of beer and low alcoholic drinks	International Beer	96,87	96,87
JSC Lomisi (Efes Georgia)	Georgia	Production and sales of beer and carbonated soft drinks	International Beer	100,00	100,00
PJSC Efes Ukraine (Efes Ukraine)	Ukraine	Production and marketing of beer	International Beer	99,94	99,94
LLC Efes Ukraine <sup>(6)</sup>	Ukraine	Selling and distribution of beer	International Beer	-	100,00
Efes Trade BY FLLC (Efes Belarus)	Belarus	Market development	International Beer	100,00	100,00
Efes Holland Technical Management Consultancy B.V. (EHTMC)	The Netherlands	Leasing of intellectual property and similar products	International Beer	100,00	100,00
AB InBev Efes B.V. (AB InBev Efes)	The Netherlands	Investment company	International Beer	50,00	50,00
JSC Moscow-Efes Brewery (Efes Moscow) <sup>(1) (2)</sup>	Russia	Production and marketing of beer	International Beer	-	50,00
JSC AB Inbev Efes <sup>(1) (2)</sup>	Russia	Production and marketing of beer	International Beer	50,00	50,00
PJSC AB Inbev Efes Ukraine <sup>(1) (8)</sup>	Ukraine	Production and marketing of beer	International Beer	49,36	49,30
LLC Vostok Solod <sup>(3)</sup>	Russia	Production of malt	International Beer	50,00	50,00
LLC Bosteels Trade <sup>(7)</sup>	Russia	Selling and distribution of beer	International Beer	50,00	50,00
LLC Inbev Trade <sup>(3)</sup>	Russia	Production of malt	International Beer	50,00	50,00
Euro-Asien Brauerein Holding GmbH (Euro-Asien) <sup>(1)</sup>	Germany	Investment company	International Beer	50,00	50,00
Bevmar GmbH <sup>(1)</sup>	Germany	Investment company	International Beer	50,00	50,00
Efes Pazarlama ve Dağıtım Ticaret A.Ş. (Ef-Pa) <sup>(4)</sup>	Turkey	Marketing and distribution company of the Group in Turkey	Turkey Beer	100,00	100,00
Cypex Co. Ltd. (Cypex)	Northern Cyprus	Marketing and distribution of beer	Other	99,99	99,99
Efes Deutschland GmbH (Efes Germany)	Germany	Marketing and distribution of beer	Other	100,00	100,00
Coca-Cola İçecek A.Ş. (CCİ) <sup>(5)</sup>	Turkey	Production of Coca-Cola products	Soft Drinks	50,26	50,26
Coca-Cola Satış ve Dağıtım A.Ş. (CCSD)	Turkey	Distribution and selling of Coca-Cola, Doğan and Mahmutiye products	Soft Drinks	50,25	50,25
Mahmutiye Kaynak Suyu Ltd. Şti. (Mahmutiye)	Turkey	Filling and selling of natural spring water	Soft Drinks	50,26	50,26
J.V. Coca-Cola Almaty Bottlers LLP (Almaty CC)	Kazakhstan	Production, distribution and selling of Coca Cola products	Soft Drinks	50,26	50,26
Azerbaijan Coca-Cola Bottlers LLC (Azerbaijan CC)	Azerbaijan	Production, distribution and selling of Coca Cola products	Soft Drinks	50,19	50,19
Coca-Cola Bishkek Bottlers CJSC (Bishkek CC)	Krygyzstan	Production, distribution and selling of Coca Cola products	Soft Drinks	50,26	50,26
CCI International Holland B.V. (CCI Holland)	The Netherlands	Investment company of CCİ	Soft Drinks	50,26	50,26
Tonus Turkish-Kazakh Joint Venture LLP (Tonus)	Kazakhstan	Investment company of CCİ	Soft Drinks	50,26	50,26
The Coca-Cola Bottling Company of Jordan Ltd. (Jordan CC)	Jordan	Production, distribution and selling of Coca Cola products	Soft Drinks	45,23	45,23
Turkmenistan Coca-Cola Bottlers Ltd. (Turkmenistan CC)	Turkmenistan	Production, distribution and selling of Coca Cola products	Soft Drinks	29,90	29,90
Sardkar for Beverage Industry Ltd. (SBIL)	Iraq	Production, distribution and selling of Coca Cola products	Soft Drinks	50,26	50,26
Waha Beverages B.V.	The Netherlands	Investment company of CCİ	Soft Drinks	40,22	40,22
Coca-Cola Beverages Tajikistan LLC (Coca Cola Tacikistan)	Tajikistan	Production, distribution and selling of Coca Cola products	Soft Drinks	50,26	50,26
AI Waha for Soft Drinks, Juices, Mineral Water, Plastics, and Plastic Caps Production LLC (AI Waha)	Iraq	Production, distribution and selling of Coca Cola products	Soft Drinks	40,22	40,22
Coca-Cola Beverages Pakistan Ltd (CCBPL)	Pakistan	Production, distribution and selling of Coca Cola products	Soft Drinks	24,96	24,96

# ANADOLU EFES BİRACILIK VE MALT SANAYİ ANONİM ŞİRKETİ

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

(Currency- Unless otherwise indicated thousands of Turkish Lira (TRL))

Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish

### NOTE 1. GROUP'S ORGANIZATION AND NATURE OF ACTIVITIES (continued)

#### List of Subsidiaries and Joint Ventures (continued)

Joint Ventures	Country	Principal Activity	Segment	Effective Shareholding And Voting Rights %	
				December 31, 2019	December 31, 2018
Anadolu Etap Penkon Gıda ve Tarım Ürünleri San ve Tic. A.Ş. (Anadolu Etap) <sup>(8)</sup>	Turkey	Production and sales of fruit juice concentrates and sales of purees and fresh fruit sales	Other	71,70	39,70
Syrian Soft Drink Sales & Dist. LLC (SSDSD)	Syria	Distribution and sales of Coca-Cola products	Soft Drinks	25,13	25,13

<sup>(1)</sup> Subsidiaries that AB Inbev Efes B.V. directly participates in after the business combination explained in Note 3.

<sup>(2)</sup> As of 1 March 2019, Efes Moscow and JSC Sun Inbev were merged under JSC Sun Inbev. As a result of the merger, the company's name changed as JSC AB Inbev Efes.

<sup>(3)</sup> Subsidiaries of JSC AB Inbev Efes.

<sup>(4)</sup> The Company's beer operations in Turkey form the Turkey Beer Operations together with Ef-Pa.

<sup>(5)</sup> Shares of CCI are currently traded on BIST.

<sup>(6)</sup> The company has been sold to third party on 4 June 2019.

<sup>(7)</sup> The name of LLC Efes Solod was changed to LLC Bosteels Trade on 6 May 2019.

<sup>(8)</sup> The name of PJSC Sun Inbev Ukraine was changed to PSJC AB Inbev Efes Ukraine on 1 April 2019.

<sup>(9)</sup> Capital increase was made in Anadolu Etap in December 2019. As a result of this transaction, the Group's shareholding and voting rights in Anadolu Etap increased from 39,70% to 71,70%. Anadolu Etap, is currently being accounted to Group's financials on equity method and will continue to be accounted by using equity method, as the current governance structure and agreements among the shareholders of the Anadolu Etap does not allow any shareholder to fully control and consolidate

#### Work Environments and Economic Conditions of Subsidiaries and Joint Ventures in Foreign Countries

Certain countries, in which consolidated subsidiaries and joint ventures operate, have undergone substantial political and economic changes in recent years. Accordingly, such markets do not possess well-developed business infrastructures and the Group's operations in such countries might carry risks, which are not typically associated with those in more developed markets. Uncertainties regarding the political, legal, tax and/or regulatory environment, including the potential for adverse changes in any of these factors, could significantly affect the commercial activities of subsidiaries and joint ventures.

### NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

#### 2.1 Basis of Preparation and Presentation of Consolidated Financial Statements

##### Statement of Compliance to TFRS

The consolidated financial statements are prepared in accordance with Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the Communiqué) published in the Official Gazette numbered 28676 on 13 June 2013. According to Article 5 of the Communiqué, consolidated financial statements are prepared in accordance with the Turkish Accounting Standards (TAS) issued by Public Oversight Accounting and Auditing Standards Authority (POAASA). TAS contains Turkish Accounting Standards, Turkish Financial Reporting Standards (TFRS) and its addendum and interpretations.

The consolidated financial statements are presented in accordance with "Announcement regarding with TAS/TFRS Taxonomy" which was published on 7 June 2013 by POA and the format and mandatory information recommended by CMB.

In accordance with the CMB resolution issued on 17 March 2005, listed companies operating in Turkey are not subject to inflation accounting effective from 1 January 2005. Therefore, the consolidated financial statements of the Group have been prepared accordingly.

# ANADOLU EFES BİRACILIK VE MALT SANAYİ ANONİM ŞİRKETİ

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

(Currency- Unless otherwise indicated thousands of Turkish Lira (TRL))

Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish

### NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 2.2 Functional and Reporting Currency (continued)

##### Statement of Compliance to TFRS (continued)

The Company and its Turkish subsidiaries, associates and joint ventures maintain their books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance and principles issued by CMB. The foreign subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. These consolidated financial statements have been prepared under historical cost conventions except for financial assets and financial liabilities which are carried at fair value. The consolidated financial statements are based on the statutory records, which are maintained under historical cost conventions, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with TAS.

#### 2.2 Functional and Reporting Currency

Functional and reporting currency of the Company and its subsidiaries, joint ventures located in Turkey is Turkish Lira.

##### Functional Currency of Significant Subsidiaries Located in Foreign Countries

Subsidiary/Joint Venture	Local Currency	Functional Currency	
		2019	2018
EBI	European Currency (EURO)	USD	USD
JSC AB Inbev Efes	Russian Ruble (RUR)	RUR	RUR
PJSC AB Inbev Efes Ukraine	Ukraine Hryvnya (UAH)	UAH	UAH
AB InBev Efes B.V.	European Currency (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	EURO	USD	USD
Efes Germany	EURO	EURO	EURO
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
SIBL	Iraqi Dinar (IQD)	IQD	IQD
SSDSD	Syrian Pound (SYP)	SYP	SYP
CCBPL	Pakistan Rupee (PKR)	PKR	PKR
CCI Holland	EURO	USD	USD
Waha B.V.	EURO	USD	USD
Al Waha	Iraqi Dinar (IQD)	IQD	IQD
Tacikistan CC	Tajikistani Somoni (TJS)	TJS	TJS

## ANADOLU EFES BİRACILIK VE MALT SANAYİ ANONİM ŞİRKETİ

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#### NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

##### 2.3 Significant Accounting Estimates and Decisions

Preparation of consolidated financial statements requires management to make estimations and assumptions which may affect the reported amounts of assets and liabilities as of the statement of financial position date, the disclosure of contingent assets and liabilities and the reported amounts of income and expenses during the financial period. The accounting assessments, estimates and assumptions are reviewed considering past experiences, other factors and reasonable expectations about future events under current conditions. Although the estimations and assumptions are based on the best estimates of the management's existing incidents and operations, they may differ from the actual results.

##### 2.4 Changes in Accounting Policies

As of December 31, 2019, the consolidated financial statements have been prepared in accordance with accounting policies applied at the preparation of the consolidated financial statements for the year ended 31 December 2018, excluding TFRS 16 Leases as of 1 January 2019, which is summarized below.

##### Adoption of new and revised Turkish Financial Reporting Standards

##### New and amended TFRS Standards that are effective for the current year

**TFRS 16, "Leases";** The Group has adopted the new standard as at 1 January 2019 for the first time, in line with the transition provisions of the standard.

Impacts of the first time adoption of TFRS 16 on the consolidated financial statements of the Group are as below:

##### TFRS 16 Leases

##### *The Group - as a lessee*

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

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

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

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#### NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

##### 2.4 Changes in Accounting Policies (continued)

##### Adoption of new and revised Turkish Financial Reporting Standards (continued)

##### New and amended TFRS Standards that are effective for the current year (continued)

##### TFRS 16 Leases (continued)

##### *Right of use asset*

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

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

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

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

The 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:

- fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- 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 (continued)

##### 2.4 Changes in Accounting Policies (continued)

##### Adoption of new and revised Turkish Financial Reporting Standards (continued)

##### New and amended TFRS Standards that are effective for the current year (continued)

##### TFRS 16 Leases (continued)

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

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

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:

- There is a change in the lease term. The Group determine the revised lease payments on the basis of the revised lease term; or
- 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:

- 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.
- 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.

# ANADOLU EFES BİRACILIK VE MALT SANAYİ ANONİM ŞİRKETİ

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### NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 2.4 Changes in Accounting Policies (continued)

##### Adoption of new and revised Turkish Financial Reporting Standards (continued)

##### New and amended TFRS Standards that are effective for the current year (continued)

##### TFRS 16 Leases (continued)

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

- The restructuring extends the scope of the leasing by including the right of use of one or more underlying assets, and
- 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.

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 recognised on a straight-line basis as an expense in profit or loss.

##### First adoption to TFRS 16

The Group has adopted TFRS 16 "Lease" instead of TAS 17 from 1 January 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.

On adoption of TFRS 16, the Group recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of TAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019.

The reconciliation of operating lease commitments under TAS 17 before the transition date and the lease liabilities measured under TFRS 16 as of 1 January 2019 is as below:

	<b>1 January 2019</b>
<b>Operating lease commitments within the scope of TAS 17</b>	<b>108.186</b>
Total of discounted lease liability (with alternative borrowing rate at the date of initial adoption) within the scope of TAS 17 (a)	81.719
- Sublease liabilities (+) (b)	64.013
- Short term leases (-) (c)	(18.900)
- Adjustments for extension or early termination options (+) (d)	188.930
<b>Total lease liabilities within the scope of TFRS 16 (discounted with alternative borrowing rate) (a+b+c+d)</b>	<b>315.762</b>
- Short term lease liabilities	51.856
- Long term lease liabilities	263.906

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#### NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

##### 2.4 Changes in Accounting Policies (continued)

##### Adoption of new and revised Turkish Financial Reporting Standards (continued)

##### New and amended TFRS Standards that are effective for the current year (continued)

##### TFRS 16 Leases (continued)

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

	1 January 2019
Land	26.964
Buildings	181.073
Machinery and Equipments	12.649
Vehicles	27.655
Furniture and fixtures	5.922
Other	614
<b>Total Right Use of Assets</b>	<b>254.877</b>

With the transition to TFRS 16 “Leases”, 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 on the effective transition date.

As of 1 January 2019, the weighted average of the Group’s incremental borrowing rates are as follows;

	1 January 2019
Currency	Incremental Borrowing Rate
TRL	20,0%
US Dollars (USD)	5,6%
European Currency (EURO)	1,9%
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%

##### 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. On initial application the Group will present equipment previously included in property, plant and equipment within the line item for right-of-use assets and the lease liability, previously presented within borrowing, will be presented in a separate line for lease liabilities.

Based on an analysis of the finance leases as at 31 December 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.

Property leased by the Group includes coolers, vehicles, buildings, machinery and equipment. As of December 31, 2019, net book value of assets under finance leases included in property, plant and equipment is amounting to TRL750 (December 31, 2018 - TRL936).

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### NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 2.4 Changes in Accounting Policies (continued)

#### Adoption of new and revised Turkish Financial Reporting Standards (continued)

#### New and amended TFRS Standards that are effective for the current year (continued)

#### TFRS 16 Leases (continued)

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

	December 31, 2019		
	Without TFRS 16 effects	TFRS 16 effects	With TFRS 16 effects
<b>Current Assets</b>	<b>12.659.796</b>	<b>24.160</b>	<b>12.683.956</b>
Trade receivables	2.727.201	-	2.727.201
Sublease receivables from related parties	-	27.303	27.303
Prepaid expenses	643.089	(3.143)	639.946
Other components of current assets	9.289.506	-	9.289.506
<b>Non-current Assets</b>	<b>32.879.246</b>	<b>393.273</b>	<b>33.272.519</b>
Sublease receivables from related parties	-	21.394	21.394
Right of use assets	-	396.115	396.115
Prepaid expenses	382.618	(23.805)	358.813
Investments in Subsidiaries, Joint Ventures and Associates	65.117	(3.104)	62.013
Deferred tax asset	691.781	2.673	694.454
Other components of non-current assets	31.739.730	-	31.739.730
<b>TOTAL ASSETS</b>	<b>45.539.042</b>	<b>417.433</b>	<b>45.956.475</b>
<b>Current Liabilities</b>	<b>9.440.966</b>	<b>128.649</b>	<b>9.569.615</b>
Current Borrowings	757.458	-	757.458
- <i>Current Borrowings from Third Parties</i>	757.458	-	757.458
- <i>Banks Loans</i>	757.458	-	757.458
Current Portion of Non-Current Borrowings	1.410.440	128.649	1.539.089
- <i>Current Portion of Non-Current Borrowings from Third Parties</i>	1.410.440	128.649	1.539.089
- <i>Banks Loans</i>	884.799	(1.874)	882.925
- <i>Lease Liabilities</i>	-	130.523	130.523
- <i>Issued Debt Instruments</i>	525.641	-	525.641
Other components of current liabilities	7.273.068	-	7.273.068
<b>Non-current Liabilities</b>	<b>11.909.445</b>	<b>304.003</b>	<b>12.213.448</b>
Long-Term Borrowings	7.939.108	314.386	8.253.494
- <i>Long-term Borrowings from Third Parties</i>	7.939.108	314.386	8.253.494
- <i>Banks Loans</i>	1.623.640	(1.142)	1.622.498
- <i>Lease Liabilities</i>	-	315.528	315.528
- <i>Issued Debt Instruments</i>	6.315.468	-	6.315.468
Deferred income	15.544	(13.416)	2.128
Deferred tax liabilities	3.070.238	3.033	3.073.271
Other components of non-current liabilities	884.555	-	884.555
<b>Total Equity</b>	<b>24.188.625</b>	<b>(15.213)</b>	<b>24.173.412</b>
<b>Equity Attributable to Equity Holders of the Parent</b>	<b>12.983.611</b>	<b>(13.204)</b>	<b>12.970.407</b>
Prior Years' Profits or Losses	3.984.648	-	3.984.648
Current Period Net Profit or Losses	1.034.120	(12.616)	1.021.504
Currency Translation Differences	5.713.002	(588)	5.712.414
Other components of equity	2.251.841	-	2.251.841
<b>Non-Controlling Interests</b>	<b>11.205.014</b>	<b>(2.009)</b>	<b>11.203.005</b>
<b>TOTAL LIABILITIES</b>	<b>45.539.036</b>	<b>417.439</b>	<b>45.956.475</b>

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#### NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

##### 2.4 Changes in Accounting Policies (continued)

##### Adoption of new and revised Turkish Financial Reporting Standards (continued)

##### New and amended TFRS Standards that are effective for the current year (continued)

##### TFRS 16 Leases (continued)

The effects of TFRS 16 on the consolidated income statement for the year ended as of 31 December 2019 are presented below:

	1 January - 31 December 2019		
	Without TFRS 16 effects	TFRS 16 effects	With TFRS 16 effects
Revenue	23.313.811	-	23.313.811
Cost of Sales (-)	(14.532.325)	484	(14.531.841)
<b>GROSS PROFIT (LOSS)</b>	<b>8.781.486</b>	<b>484</b>	<b>8.781.970</b>
General Administrative Expenses (-)	(1.790.932)	20.183	(1.770.749)
Sales, Distribution and Marketing Expenses (-)	(4.941.873)	11.501	(4.930.372)
Other Income from Operating Activities	816.855	-	816.855
Other Expenses from Operating Activities	(663.959)	-	(663.959)
<b>PROFIT (LOSS) FROM OPERATING ACTIVITIES</b>	<b>2.201.577</b>	<b>32.168</b>	<b>2.233.745</b>
Investment Activity Income	909.544	-	909.544
Investment Activity Expenses (-)	(221.957)	-	(221.957)
Income/(Loss) from Associates	(120.628)	(3.104)	(123.732)
<b>PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)</b>	<b>2.768.536</b>	<b>29.064</b>	<b>2.797.600</b>
Finance Income	1.221.062	9.156	1.230.218
Finance Expenses (-)	(2.028.503)	(53.866)	(2.082.369)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS</b>	<b>1.961.095</b>	<b>(15.646)</b>	<b>1.945.449</b>
Tax (Expense) Income, Continuing Operations	(649.043)	(469)	(649.512)
- Current Period Tax (Expense) Income	(450.702)	-	(450.702)
- Deferred Tax (Expense) Income	(198.341)	(469)	(198.810)
<b>PROFIT/(LOSS)</b>	<b>1.312.052</b>	<b>(16.115)</b>	<b>1.295.937</b>
<b>Profit/(Loss) Attributable to</b>			
- Non-Controlling Interest	277.932	(3.499)	274.433
- Owners of Parent	1.034.120	(12.616)	1.021.504
<b>EBITDA</b>	<b>3.909.466</b>	<b>128.996</b>	<b>4.038.462</b>

# ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

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### NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 2.4 Changes in Accounting Policies (continued)

##### Adoption of new and revised Turkish Financial Reporting Standards (continued)

##### New and amended TFRS Standards that are effective for the current year (continued)

##### Amendment to TFRS 9 Financial instruments

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

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

Effective from annual periods beginning on or after 1 January 2019 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.

##### 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.

##### Annual Improvements to TFRS Standards 2015-2017 Cycle

- TFRS 3, 'Business combinations', - a company remeasures its previously held interest in a joint operation when it obtains control of the business.
- TFRS 11, 'Joint arrangements', - a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- TAS 12, 'Income taxes' - a company accounts for all income tax consequences of dividend payments in the same way.
- TAS 23, 'Borrowing costs' - a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

##### Amendments to TAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement

- Use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- Recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

##### TFRS 17, 'Insurance contracts';

Effective from annual periods beginning on or after 1 January 2021. This standard replaces TFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

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### NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 2.4 Changes in Accounting Policies (continued)

##### Adoption of new and revised Turkish Financial Reporting Standards (continued)

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

##### Amendments to TAS 1 and TAS 8 on the definition of material;

Effective from Annual periods beginning on or after 1 January 2020. These amendments to TAS 1, 'Presentation of financial statements' and TAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other TFRSs:

- i) use a consistent definition of materiality throughout TFRSs and the Conceptual Framework for Financial Reporting;
- ii) clarify the explanation of the definition of material; and
- iii) incorporate some of the guidance in TAS 1 about immaterial information.

##### TFRS 3 Business Combinations and TFRS 11 Joint Arrangements;

The amendments to TFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to TFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

##### Amendments to TFRS 9, TAS 39 and TFRS 7 - Interest rate benchmark reform;

Effective from annual periods beginning on or after 1 January 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

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

#### 2.5 Changes in Accounting Policies

The accounting estimates of the Group are adopted to be the same as prior years and there is no material change from prior years' accounting policies.

#### 2.6 Offsetting

Financial assets and liabilities are offset and the net amount are reported in the consolidated financial statements when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis or realize the assets and settle the liabilities simultaneously.

## ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

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#### NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

##### 2.7 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the parent company, Anadolu Efes, its subsidiaries drawn up to the reporting date. The financial statements of the companies included in the consolidation have been prepared based on the accounting policies and presentation formats adopted by the Group in accordance with CMB Financial Reporting Standards.

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 consolidated by using the full consolidation method; therefore, the carrying value of subsidiaries is eliminated against the related shareholders' equity. The equity and net income attributable to minority shareholders' interests of subsidiaries are shown separately in the consolidated balance sheet and consolidated income loss statement.

The Company and The Coca Cola Export Corporation (TCCEC) which owns 20,09% shares of CCI, 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 CCI and started to include CCI and its subsidiaries in consolidation scope.

A joint venture agreement was signed between EBI 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 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 ve 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.

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 with equity method starting from January 1, 2013 according to TFRS 11.

The shareholder agreement signed between the company and Özgörkey Holding A.Ş., which owns 28,3% shares of Anadolu Etap on 4 December 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 be accounted by using equity method during the period of validity of the shareholder agreement terms.

Intercompany balances and transactions, including intercompany profits and unrealized profits and losses are eliminated. Consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events in similar circumstances.

The acquisition method of accounting is used for business combinations. Subsidiaries, joint ventures or investment in associates, acquired or disposed of during the year are included in the consolidated financial statements from the date of acquisition or to the date of disposal.

##### 2.8 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank deposits and short-term investments, which can easily be converted into cash for a certain amount, has high liquidity with original maturities of 3 months or less. In accordance with TAS 7, bank deposits with a maturity of more than 3 months as of the acquisition date are reclassified to short term financial investments. However, Group recognises bank deposits with a maturity more than 3 months, which are considered to be highly liquid and do not include interest loss and penalty if compromised before maturity, to cash and cash equivalents. The deposits with the original maturities more than 3 months are classified to financial investments. The amounts paid under reverse repurchase agreements are included in the cash and cash equivalents.

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### NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 2.9 Trade Receivables and Expected Credit Loss

Trade receivables that are originated by the Group by the way of providing goods or services are generally collected in 11 to 46 day terms. Trade receivables are recognized and carried at discounted amount if they include significant interest less an allowance for any uncollectible amounts. 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.

#### 2.10 Related Parties

Parties are considered to be related if one party directly or indirectly has the ability to control the other party or exercise significant influence over the other party in making the financial and operating decisions or be the associate of the Group. Related parties also include individuals who are principle owners, management and members of the Group's board of directors and their families. Amounts due from and due to related parties are carried at cost. Related party transactions are transfers of resources, services or obligations between related parties, regardless of whether a price is charged.

#### 2.11 Inventories

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the selling price in the ordinary course of business, less the costs of completion, marketing and distribution. Cost is determined primarily on the basis of the weighted average cost method. For processed inventories, cost includes direct materials, direct labor and the applicable allocation of fixed and variable overhead costs based on a normal operating capacity. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of income/(loss) in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

#### 2.12 Financial Investments

According to TFRS 9, all investments in equity instruments are to be measured at fair value. However, in limited circumstances, cost may provide an appropriate estimate of fair value. This would be the case if insufficient more recent information is available to measure fair value or if there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

#### 2.13 Investment Properties

Investment properties consist of building and land improvements that are owned and not used by Group. They are hold on hand to earn rental income and capital appreciation. Investment properties are shown by deducting accumulated depreciation from the acquisition cost investment properties (except land) are depreciated by using straight-line depreciation method.

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### NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 2.14 Property, Plant and Equipment

Property, plant and equipment (PP&E) are stated at cost less accumulated depreciation and any impairment in value. Land is not depreciated. Depreciation is computed by the straight-line method over the following estimated useful lives:

Buildings and land improvements	5-50 years
Machinery and equipment	2-20 years
Leasehold improvements	4-20 years
Furnitures and fixtures	3-15 years
Vehicles	3-10 years
Returnable bottles and cases	5-10 years
Other tangible assets	2-12 years

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 amount. The recoverable amount of property, plant and equipment is the greater of net selling price 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 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 income statement (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 income statement. 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.

#### 2.15 Leases

##### *Group - as a lessee*

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

Group considers following indicators for the assessment of whether a contract conveys the right to control the use of an identified asset for a period of time or not:

- The contract includes an identified asset (contract includes a definition of a specified asset explicitly or implicitly),
- A capacity portion of an asset is physically distinct or represents substantially all of the capacity of an asset (if the supplier has a substantive right to substitute the asset and obtain economic benefits from use of the asset, then the asset is not an identified asset),
- Group has the right to obtain substantially all of the economic benefits from use of the identified asset,
- Group has the right to direct the use of an identified asset.

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#### NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

##### 2.15 Leases (continued)

Group has the right to direct the use of the asset throughout the period of use only if either:

- a) Group has the right to direct how and for what purpose the asset is used throughout the period of use or
- b) Relevant decisions about how and for what purpose the asset is used are predetermined:
  - i. Group has the right to operate the asset (or to direct others to operate the asset in a manner that it determines) throughout the period of use, without the supplier having the right to change those operating instructions; or
  - ii. Group designed the asset (or specific aspects of the asset) in a way that predetermines how and for what purpose the asset will be used throughout the period of use.

Group recognises a right-of-use asset and a lease liability at the commencement date of the lease following the consideration of the above mentioned factors.

##### *Right-of-use asset*

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- a) the 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
- d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease (unless those costs are incurred to produce inventories).

When applying the cost model, Group measures 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.

Group applies the depreciation requirements in TAS 16 Property, Plant and Equipment Standard in depreciating the right-of-use asset.

Group applies TAS 36 Impairment of Assets Standard 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 measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease, if that rate can be readily determined, or by using the Group's incremental borrowing rate.

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) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

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### NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 2.15 Leases (continued)

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

- increasing the carrying amount to reflect interest on the lease liability,
- reducing the carrying amount to reflect the lease payments made, and
- remeasuring the carrying amount to reflect any reassessment or lease modifications. The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

#### *Practical expedients*

The short-term lease agreements with a lease term of 12 months or less and agreements related to information technology equipment leases (mainly printer, laptop, mobile phone etc.), which are determined by the Group as low value, have been evaluated within the scope of practical expedients introduced by the TFRS 16 Leases Standard and related lease payments are recognised as an expense in the period in which they are incurred.

#### *Group - as a lessor*

All the leases that Group is the lessor are operating leases. Assets leased out under operating leases are classified under investment properties, property, plant and equipment or other current assets in the consolidated balance sheet. Rental income is recognised in the consolidated statement of income on a straight-line basis over the lease term.

#### 2.16 Other Intangible Assets

Intangible assets acquired separately from a business are capitalized at cost.

Intangible assets acquired as part of an acquisition of a business are capitalized separately from goodwill, if the fair value can be measured reliably. Intangible assets, excluding development costs, created within the business are not capitalized and expenditure is charged against profits in the year in which it is incurred. Intangible assets are amortized on a straight-line basis over the best estimate of their useful lives. 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 and 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 tested for impairment annually.

#### b) Bottlers and Distribution Agreements

Bottlers and distribution agreements include;

- 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.
- "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 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. The intangible assets relating to the bottlers and distribution agreements are therefore not amortized. Bottlers and distribution agreements are tested for impairment annually.

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#### NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

##### 2.16 Other Intangible Assets (continued)

###### c) License Agreements

License and distribution 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. The intangible assets relating to the bottlers and distribution agreements are therefore not amortized. License and distribution agreements are tested for impairment annually.

###### 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.

##### 2.17 Business Combinations and Goodwill

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

##### 2.18 Trade Payables

Trade payables are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. Such financial liabilities are initially recognised at fair value and represented by the original invoice amount. After initial recognition, trade payables are measured at amortised cost using the effective interest rate method. The Group's trade payables are due within twelve months after the financial statement date, therefore classified under current liabilities.

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### NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 2.17 Business Combinations and Goodwill (continued)

#### 2.19 Borrowings

All borrowings are initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, borrowings are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses are recognized in net profit or loss when the obligations related with the borrowings are removed.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer the settlement of the liability for at least 12 months after the balance sheet date.

#### 2.20 Current Income Tax and Deferred Tax

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

	December 31, 2019	December 31, 2018
Turkey	22%	22%
The Netherlands	25%	25%
Russia	20%	20%
Kazakhstan	20%	20%
Moldova	12%	12%
Georgia	-	-
Ukraine	18%	18%
Azerbaijan	20%	20%
Krygyzstan	10%	10%
Pakistan	29%	29%
Iraq	15%	15%
Jordan	14%	14%
Turkmenistan	8%	8%
Tajikistan	13%	13%

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax related to the equity items is carried under the equity and not reflected to income statement. Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent of the probability that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilized. 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 profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

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

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### NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 2.21 Employee Benefits

##### a) Defined Benefit Plans

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 on 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.

##### a) Defined Contribution Plans

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 paid.

##### b) Long Term Incentive Plans

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

#### 2.22 Provisions, Contingent Assets and Liabilities

##### a) Provisions

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. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

##### b) Contingent Assets and Liabilities

Contingent liabilities are not recognized in the consolidated financial statements, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the consolidated financial statements, but disclosed when an inflow of economic benefits is probable.

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### NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 2.23 Foreign Currency Translations

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are recorded in the consolidated income statement of the relevant period, as foreign currency loss or gain. Foreign currency translation rates announced by the Central Bank of the Republic of Turkey and used by the Group's subsidiaries in Turkey as of respective year-ends are as follows:

Date	USD/TL(full)	EURO/TL(full)
December 31, 2019	5,9402	6,6506
December 31, 2018	5,2609	6,0280

The assets and liabilities of subsidiaries and joint ventures operating in foreign countries are translated at the rate of exchange ruling at the balance sheet date and the equity items are translated using the exchange rates at the date of the transaction. The income statements of foreign subsidiaries and joint ventures are translated at average exchange rates. Differences resulting from the deviation between the values of investment related to equity accounts of consolidated subsidiaries and joint ventures and the appreciation of foreign currencies against the Turkish Lira are accounted to equity as "currency translation differences". Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the acquiring company and are recorded at the exchange rate of balance sheet date. On disposal of a foreign entity, currency translation differences are recognized in the income statement as a component of the gain or loss on disposal.

#### 2.24 Paid in Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax, from the proceeds.

#### 2.25 Dividends Payable

Dividends payable are recognized as an appropriation of profit in the period in which they are declared.

#### 2.26 Subsequent Events

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

#### 2.27 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:

##### a) 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 recognised 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.

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#### NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

##### 2.27 Revenue (continued)

###### a) Sale of Goods (continued)

Revenue recognition:

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

Group recognizes revenue based on the following main principles:

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

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

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

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

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

###### b) Interest Income

Interest income is recognized as the interest accrues. Interest income is reflected under the "financial income" in the consolidated income statement.

###### c) Dividend Income

Dividend income is recognized when the right to collect the dividend is established.

##### 2.28 Borrowing Costs

Borrowing costs include interest charges and other costs incurred in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized. Borrowing costs other than these are recorded as expensed at the date they are incurred.

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### 2.29 Segment Reporting

The Group management monitors the operating results of its three business units separately for the purpose of making decisions about resource allocation and performance assessment. The three operating segments are Turkey Beer Operations (Turkey Beer), International Beer Operations (International Beer) and Soft Drinks Operations (Soft Drinks).

Segment performance is evaluated based on profit from operations before depreciation, amortization and non-cash expenses (EBITDA). EBITDA has been determined as the optimum indicator by the Group management for the evaluation of the performance of the operating segments by considering the comparability with the entities in the same business (Note 5).

### NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 2.30 Earnings per Share

Earnings per share in the consolidated income statements are calculated by dividing the net profit for the year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. In Turkey, companies can increase their share capital by making distribution of free shares to existing shareholders from inflation adjustment to shareholders equity.

For the purpose of the earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted with respect to free shares issued without corresponding change in resources by giving them retroactive effect for the period in which they were issued and each earlier period.

#### 2.31 Reporting of Cash Flows

In the consolidated statement of cash flows, cash flows are classified and reported according to their operating, investing and financing activities. Cash flows related with investing activities present the cash flows provided from and used in the Group's investing activities and cash flows related with financing activities present the proceeds and repayments of sources in the Group's financing activities.

#### 2.32 Hedge Accounting

For the purpose of hedge accounting, hedges that have been part of the Group are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment that is attributable to a particular risk and could affect profit or loss (except for foreign currency risk)
- Cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment that could affect profit or loss

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes

in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

For fair value hedges, the change in the fair value of a hedging instrument is recognized in the statement of consolidated income. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the statement of consolidated income as part of financial income and expense.

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### NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 2.32 Hedge Accounting (continued)

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

#### Foreign Currency Hedge of Net Investments in Foreign Operations

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

#### Other derivatives not designated for hedge accounting

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

#### 2.33 Use of Estimates

The preparation of the 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 income statement in the periods in which they become known. The source of the estimates and assumptions which may cause to significant adjustments at assets and liabilities at following periods as of balance sheet date are as follows:

- a) 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. (Note 10)
- b) During the assessment of the reserve for inventory allowance the following 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 (Note 12).
- c) 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, 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 business plan 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.

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#### NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

##### 2.33 Use of Estimates (continued)

- c) 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 - 4,70% - 13,00%) and after tax discount rate is between 8,46% and 26,70% (December 31, 2018 - 10,80% and 25,90%).
- d) 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 21).
- e) The discount rates related with retirement pay liability are actuarial assumptions determined with future salary increase and the employee's turnover rates (Note 20).
- f) Deferred tax asset is only recorded if it is probable that a taxable income will be realized in the future. 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. As of December 31, 2019, the estimations made to indicate that the Group will incur taxable profits in the future periods were reasonable and deferred tax asset was recorded (Note 29).

##### 2.34 Comparative Information and Restatement of Prior Period Financial Statements

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 recognized as of March 31, 2018. Accordingly, consolidated financial statements of 2018 which has been prepared by recognizing provisional goodwill has been restated. According to the restatement, fair value of the "Inventory", "Property, Plant and Equipment", "Intangible Assets", "Deferred Tax Asset", "Other Current Provisions" and "Deferred Tax Liabilities" has been changed.

As a result of the recognition of changes in fair value, "Currency Translation Differences", "Net Profit" and "Non-Controlling Interests" has been restated in the consolidated financial statements as of December 31 2018.

The fair value of the net assets of the acquired companies derived from the financial statements as of the acquisition date and the reconciliation of goodwill is presented in "Note 3 - Business Combinations".

## ANADOLU EFES BİRACILIK VE MALT SANAYİ ANONİM ŞİRKETİ

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#### NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

##### 2.34 Comparative Information and Restatement of Prior Period Financial Statements (continued)

As of 31 December 2019, the reconciliation of the comparative financial statements dated 31 December 2018 to the restated financial statements is as follows;

	Reported December 31, 2018	TFRS 3 effect	Restated December 31, 2018
<b>ASSETS</b>			
Property, Plant and Equipment	10.049.742	703.690	10.753.432
Intangible Assets	16.959.421	(2.887)	16.956.534
- Goodwill	5.897.466	(3.284.470)	2.612.996
- Other Intangible Assets	11.061.955	3.281.583	14.343.538
Deferred Tax Asset	867.100	(191.725)	675.375
Other Components of Current and Non-Current Assets	11.049.849	-	11.049.849
<b>TOTAL ASSETS</b>	<b>38.926.112</b>	<b>509.078</b>	<b>39.435.190</b>
<b>LIABILITIES</b>			
Current Provisions	132.469	62.260	194.729
- Current Provisions for Employee Benefits	113.218	-	113.218
- Other Current Provisions	19.251	62.260	81.511
Deferred Tax Liabilities	2.088.835	652.780	2.741.615
Other Components of Current and Non-Current Liabilities	15.370.802	-	15.370.802
<b>TOTAL LIABILITIES</b>	<b>17.592.106</b>	<b>715.040</b>	<b>18.307.146</b>
<b>Equity Attributable to Equity Holders of the Parent</b>			
Issued Capital	592.105	-	592.105
Inflation Adjustment on Capital	63.583	-	63.583
Share Premium (Discount)	2.765.214	-	2.765.214
Put Option Revaluation Fund Related with Non-controlling Interests	6.773	-	6.773
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss	(23.464)	-	(23.464)
-Revaluation and Remeasurement Gain/Loss	(23.464)	-	(23.464)
Other Accumulated Comprehensive Income (Loss) that will be Reclassified in Profit or Loss	3.438.316	4.976	3.443.292
- Currency Translation Differences	4.113.182	4.976	4.118.158
- Gains (Losses) on Hedge	(674.866)	-	(674.866)
Restricted Reserves Appropriated from Profits	342.931	-	342.931
Prior Years' Profits or Losses	3.996.332	-	3.996.332
Current Period Net Profit or Losses	96.882	(108.566)	(11.684)
<b>Non-Controlling Interests</b>	<b>10.055.334</b>	<b>(102.372)</b>	<b>9.952.962</b>
<b>Total Equity</b>	<b>21.334.006</b>	<b>(205.962)</b>	<b>21.128.044</b>
<b>TOTAL LIABILITIES</b>	<b>38.926.112</b>	<b>509.078</b>	<b>39.435.190</b>

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#### NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

##### 2.34 Comparative Information and Restatement of Prior Period Financial Statements (continued)

	Reported 31 December 2018	TFRS 3 effect	Restated 31 December 2018
Revenue	18.689.686	-	18.689.686
Cost of Sales (-)	(11.704.576)	(252.763)	(11.957.339)
<b>GROSS PROFIT (LOSS)</b>	<b>6.985.110</b>	<b>(252.763)</b>	<b>6.732.347</b>
General Administrative Expenses (-)	(1.580.767)	23.066	(1.557.701)
Sales, Distribution and Marketing Expenses (-)	(3.944.482)	(13.278)	(3.957.760)
Other Income from Operating Activities	554.356	-	554.356
Other Expenses from Operating Activities	(408.249)	-	(408.249)
<b>PROFIT (LOSS) FROM OPERATING ACTIVITIES</b>	<b>1.605.968</b>	<b>(242.975)</b>	<b>1.362.993</b>
Investment Activity Income	231.251	-	231.251
Investment Activity Expenses (-)	(167.571)	(10.910)	(178.481)
Income/(Loss) from Associates	(81.065)	-	(81.065)
<b>PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)</b>	<b>1.588.583</b>	<b>(253.885)</b>	<b>1.334.698</b>
Finance Income	3.093.380	-	3.093.380
Finance Expenses	(4.052.020)	-	(4.052.020)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS</b>	<b>629.943</b>	<b>(253.885)</b>	<b>376.058</b>
Tax (Expense) Income, Continuing Operations	(314.825)	37.653	(277.172)
- Current Period Tax (Expense) Income	(261.271)	-	(261.271)
- Deferred Tax (Expense) Income	(53.554)	37.653	(15.901)
<b>PROFIT/(LOSS)</b>	<b>315.118</b>	<b>(216.232)</b>	<b>98.886</b>
<b>Profit/(Loss) Attributable to</b>			
- Non-Controlling Interest	218.236	(107.666)	110.570
- Owners of Parent	96.882	(108.566)	(11.684)
<b>EBITDA</b>	<b>2.998.771</b>	<b>(43.967)</b>	<b>2.954.804</b>

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#### NOTE 3. BUSINESS COMBINATIONS

##### Transactions Related with 2019

In December 2019, below transactions have been realized related with Anadolu Etap.

- The Company, Burlingtoun LLP and Özgörkey Holding A.Ş. (Özgörkey Holding), have signed a share purchase agreement for the acquisition of Burlingtoun LLP's 39,7% stake in Anadolu Etap by Anadolu Efes and Özgörkey on a pro rata basis on 4 December 2019. Following the completion of the share transfer on 6 December 2019, the Company's currently held 39,70% ownership in Anadolu Etap, increased to 65,84%.
- The Company's ownership in Anadolu Etap has been increased to 71,70% from 65,84% on 27 December 2019 following the capital increase by TRL114.000.

Anadolu Etap, is currently being consolidated to Group financial statements by using the equity method and will continue to be consolidated in the same way, as the current governance structure and agreements among the shareholders of Anadolu Etap does not allow any shareholder to fully control and consolidate.

##### Transactions Related with 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 and AB InBev's all beer operations in Russia and Ukraine, has been merged under AB InBev Efes BV (AB InBev Efes) with 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. has been 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 thousand USD 500. After the cash and in kind capital contributions made by AB InBev and EBI, their ownership in AB InBev Efes become 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 (Group's 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 included in consolidation starting from 31 March 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, Group's 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, TRL586.736 amount has been booked as "Retained Earnings" under equity attributable to equity holders of the parent in consolidated financial statements.

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 thousand USD1.049.170 in the financial statements of AB InBev Efes (equivalent of TRL4.143.067). Additionally, AB InBev has made a cash capital contribution to AB InBev Efes amounting to thousand USD250 as mentioned above (equivalent of TRL987).

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 thousand USD1.049.990 in the financial statements of AB InBev Efes (equivalent of TRL4.146.305). Additionally, EBI has made a cash capital contribution to AB InBev Efes amounting to thousand USD250 as mentioned above (equivalent of TRL987).

After this merger, 50% of JSC Sun InBev's shareholder loan amounting to TRL595.553 is taken over by the EBI. 50% of Efes Russia's the shareholder loan amounting to TRL327.097 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 USD39,4 million to EBI regarding to the commitments determined within the scope of this business combination (equivalent TRL179.856)

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#### NOTE 3. BUSINESS COMBINATIONS (continued)

##### Transactions Related with 2018 (continued)

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 by the acquired companies would have been TRL474.753 (Consolidated Net Revenue would be TRL19.164.439 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 TRL535.793 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.

The carrying 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, Bevermar GmbH)	JSC Sun InBev	PJSC Sun InBev Ukraine	Bevermar 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)	(24.935)	-
<b>Carrying Value of Net Assets Acquired</b>	<b>3.055.717</b>	<b>2.651.649</b>	<b>127.430</b>	<b>276.639</b>
As result of merger, AB InBev Efes's shareholding rights on companies		100,00%	98,34%	100,00%
<b>Group's share in Net Assets</b>	<b>3.053.603</b>	<b>2.651.649</b>	<b>125.315</b>	<b>276.639</b>
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 the business combination	(239.588)			
Group's share in Net Assets	3.053.603			
<b>Provisional goodwill arising from acquisition (Note 17)</b>	<b>535.793</b>			

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#### NOTE 4. INFORMATION ABOUT MATERIAL NON-CONTROLLING INTERESTS IN SUBSIDIARIES AND INVESTMENTS IN ASSOCIATES

##### a) Information about material non-controlling interests in subsidiaries

The Company has control over CCI while it has 50,26% ownership interest in CCI. CCI is included in consolidation by using the full consolidation method and equity and net income attributable to non-controlling interests is recorded as “non-controlling interests” in statement of financial position and profit and loss statement.

The Company has control over AB Inbev Efes B.V. while it has 50,00% ownership interest in AB Inbev Efes B.V.. AB Inbev Efes B.V. is included in consolidation by using the full consolidation method and equity and net income attributable to non-controlling interests is recorded as “non-controlling interests” in statement of financial position and profit and loss statement.

Non-controlling interest reflected to profit and loss statement in the period is amounting to TRL274.433 (December 31, 2018 - TRL110.570), of which TRL456.751 (December 31, 2018 - TRL33.604) is related with net income of CCI attributable to non-controlling interests.

Non-controlling interest reflected to statement of financial position at the end of the period is amounting to TRL11.203.005 (December 31, 2018 - TRL9.952.962), of which TRL6.598.343 (December 31, 2018 - TRL5.301.385) is related with equity of CCI attributable to non-controlling interests.

In 2018, total dividend declared to non-controlling interests is amounting to TRL149.312 as disclosed in the consolidated statement of changes in equity (December 31, 2018 - TRL130.654). TRL147.591 of this amount has been paid by CCI to non-controlling interests (December 31, 2018 - TRL129.678).

The Group management has identified CCI as a separate operating segment. Summarized information on statement of financial position and profit and loss statement is given as “Soft Drinks” segment in Note 5 “Segment Information”.

Summarized statement of cash flows of CCI is given below:

	2019	2018
Net cash generated from operating activities	1.877.063	1.587.711
Net cash used in investing activities	(829.751)	(830.278)
Net cash generated from financing activities	(670.266)	(3.517.202)
Currency translation adjustment	156.028	1.174.801
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>533.074</b>	<b>(1.584.968)</b>

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#### NOTE 4. INFORMATION ABOUT MATERIAL NON-CONTROLLING INTERESTS IN SUBSIDIARIES AND INVESTMENTS IN ASSOCIATES (continued)

##### b) Investments in associates

	31 December 2019		31 December 2018	
	Ownership	Amount	Ownership	Amount
Anadolu Etap <sup>(1)</sup>	71,70%	62.013	39,70%	71.195
SSDSD <sup>(2)</sup>	25,13%	-	25,13%	-
		62.013		71.195
		62.013		71.195

Relating to investment in associates, total assets and liabilities and profit/(loss) for the period of as of December 31, 2019 and 2018 are as follows:

	Anadolu Etap		SSDSD	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Total Assets	808.983	1.240.684	1.380	1.227
Total Liabilities	722.494	1.061.349	7.937	7.586
<b>Net Assets</b>	<b>86.489</b>	<b>179.335</b>	<b>(6.557)</b>	<b>(6.359)</b>

	Anadolu Etap		SSDSD	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
<b>Group's Share (%)</b>	<b>71,70%</b>	<b>39,70%</b>	<b>25,13%</b>	<b>25,13%</b>
<b>Group's Share of Net Assets for the period</b>	<b>62.013</b>	<b>71.195</b>	<b>(3.279)</b>	<b>(3.180)</b>
<b>Group's Share of Profit/(Loss) for the period</b>	<b>(123.371)</b>	<b>(80.183)</b>	<b>(361)</b>	<b>(882)</b>

The movement of investments in associates for the years ended as of December 31, 2019 and 2018 are as follows:

	2019	2018
Balance at January 1	71.195	46.309
Income/Loss from associates	(123.732)	(81.065)
Other	361	882
Shares purchase <sup>(3)</sup>	189	-
Capital increase <sup>(4)</sup>	114.000	105.069
<b>Balance at December 31</b>	<b>62.013</b>	<b>71.195</b>

<sup>(1)</sup> Capital increase and share purchase in was made in Anadolu Etap in December 2019. As a result of this transaction, the Group's shareholding and voting rights in Anadolu Etap increased from 39,70% to 71,70%. Anadolu Etap, is currently being accounted to Group's financial statements with equity method and continued to be accounted by using equity method, as the current governance structure and agreements among the shareholders of the Anadolu Etap does not allow any shareholder to fully control and consolidate.

<sup>(2)</sup> SSDSD, which has been accounted by using equity method in CCI financial statements, is accounted as investment in associates in Group's financial statements.

<sup>(3)</sup> Shares purchased in Anadolu Etap on 6 December 2019.

<sup>(4)</sup> Capital increase provided to Anadolu Etap on 27 December 2019.

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#### NOTE 5. SEGMENT REPORTING

The management monitors the operating results of its three business units separately for the purpose of making decisions about the resource allocation and performance assessment. The three operating segments are Turkey Beer Operations (Turkey Beer), International Beer Operations (International Beer) and Soft Drinks Operations (Soft Drinks).

Segment performance is evaluated based on profit from operations before depreciation, amortization and non-cash expenses (EBITDA). EBITDA has been determined as the optimum indicator by the Group management for the evaluation of the performance of the operating segments by considering the comparability with the entities in the same business.

The Group's segment reporting in accordance with TFRS 8 is disclosed as follows:

	Turkey Beer	International Beer	Soft Drinks	Other <sup>(1)</sup> and Eliminations	Total
<b>January 1 - December 31, 2019</b>					
Revenues	2.254.505	8.765.210	12.245.010	87.041	23.351.766
Inter-segment revenues	(36.631)	(1.106)	(218)	-	(37.955)
<b>Total Revenues</b>	<b>2.217.874</b>	<b>8.764.104</b>	<b>12.244.792</b>	<b>87.041</b>	<b>23.313.811</b>
<b>EBITDA</b>	<b>391.015</b>	<b>1.420.592</b>	<b>2.282.745</b>	<b>(55.890)</b>	<b>4.038.462</b>
<b>Financial Income/(Expense)</b>	<b>(75.315)</b>	<b>(326.780)</b>	<b>(334.872)</b>	<b>(115.184)</b>	<b>(852.151)</b>
<b>Tax (Expense) Income</b>	<b>15.139</b>	<b>(297.646)</b>	<b>(246.681)</b>	<b>(120.324)</b>	<b>(649.512)</b>
<b>Profit/(loss) for the period</b>	<b>120.637</b>	<b>(67.545)</b>	<b>942.246</b>	<b>300.599</b>	<b>1.295.937</b>
<b>Capital expenditures ( Note 16, 17)</b>	<b>271.030</b>	<b>785.187</b>	<b>765.987</b>	<b>1.311</b>	<b>1.823.515</b>
<b>January 1 - December 31, 2018</b>					
Revenues	1.869.509	6.158.091	10.623.385	65.065	18.716.050
Inter-segment revenues	(24.892)	(1.094)	(378)	-	(26.364)
<b>Total Revenues</b>	<b>1.844.617</b>	<b>6.156.997</b>	<b>10.623.007</b>	<b>65.065</b>	<b>18.689.686</b>
<b>EBITDA</b>	<b>396.541</b>	<b>728.154</b>	<b>1.870.545</b>	<b>(40.436)</b>	<b>2.954.804</b>
<b>Financial Income/(Expense)</b>	<b>(92.000)</b>	<b>(71.925)</b>	<b>(688.827)</b>	<b>(105.888)</b>	<b>(958.640)</b>
<b>Tax (Expense) Income</b>	<b>(109.483)</b>	<b>29.386</b>	<b>(195.611)</b>	<b>(1.464)</b>	<b>(277.172)</b>
<b>Profit/(loss) for the period</b>	<b>365.753</b>	<b>(183.688)</b>	<b>360.161</b>	<b>(443.340)</b>	<b>98.886</b>
<b>Capital expenditures (Note 16, 17)</b>	<b>235.285</b>	<b>523.531</b>	<b>857.646</b>	<b>(977)</b>	<b>1.615.485</b>

<sup>(1)</sup> Includes other subsidiaries included in the consolidation of the Group, investments in subsidiaries and headquarter income and expenses.

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#### NOTE 5. SEGMENT REPORTING (continued)

	Turkey Beer	International Beer	Soft Drinks	Other <sup>(1)</sup> and Eliminations	Total
<b>December 31, 2019</b>					
Segment assets	9.503.327	18.185.044	15.959.755	2.308.349	45.956.475
Segment liabilities	2.020.516	6.715.143	8.590.406	4.456.998	21.783.063
Investment in associates	-	-	-	62.013	62.013
<b>December 31, 2018</b>					
Segment assets	9.070.470	14.553.137	14.020.435	1.791.148	39.435.190
Segment liabilities	1.867.961	4.610.703	7.569.707	4.258.775	18.307.146
Investment in associates	-	-	-	71.195	71.195

<sup>(1)</sup> Includes other subsidiaries included in the consolidation of the Group, investments in subsidiaries.

Reconciliation of EBITDA to the consolidated Profit/Loss from Continuing Operations and its components as of December 31, 2019 and 2018 are as follows:

	2019	2018
EBITDA	4.038.462	2.954.804
Depreciation and amortization expenses	(1.743.205)	(1.496.750)
Provision for retirement pay liability	(53.739)	(36.675)
Provision for vacation pay liability	(13.865)	(11.732)
Foreign exchange gain/loss from operating activities	8.545	(39.502)
Rediscount income/expense from operating activities	2.768	(1.556)
Other	(5.221)	(5.596)
<b>PROFIT (LOSS) FROM OPERATING ACTIVITIES</b>	<b>2.233.745</b>	<b>1.362.993</b>
Investment Activity Income	909.544	231.251
Investment Activity Expenses (-)	(221.957)	(178.481)
Income/(Loss) from Associates	(123.732)	(81.065)
<b>PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)</b>	<b>2.797.600</b>	<b>1.334.698</b>
Finance Income	1.230.218	3.093.380
Finance Expenses	(2.082.369)	(4.052.020)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS</b>	<b>1.945.449</b>	<b>376.058</b>

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#### NOTE 6. CASH AND CASH EQUIVALENTS

	December 31, 2019	December 31, 2018
Cash on hand	3.433	2.428
Bank accounts		
- Time deposits	5.064.833	3.922.273
- Demand deposits	654.320	659.532
Other	73.539	172.126
<b>Cash and cash equivalents in cash flow statement</b>	<b>5.796.125</b>	<b>4.756.359</b>
Interest income accrual	18.596	13.693
	<b>5.814.721</b>	<b>4.770.052</b>

As of December 31, 2019, annual interest rates of the TRL denominated time deposits vary between 7,60% and 14,10% and have maturity between 2 - 76 days (December 31, 2018 - 21,10% - 24,50%; maturity between 1-51 days). Annual interest rates of the US Dollars (USD) and, Euro (EURO), and other currency denominated time deposits vary between 0,5% and 18,00% and have maturity between 2-304 days (December 31, 2018- annual interest rates of the US Dollars (USD) and, Euro (EURO), and other currency time deposits vary between 0,2% - 18,00%; maturity between 2-303 days).

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

As of December 31, 2019, other item contains credit card receivables amounting to TRL61.208 (December 31, 2018 - TRL163.539).

As of December 31, 2019, the Group has designated its bank deposits amounting to TRL125.789, equivalent of thousand USD18.992 and thousand EURO1.950 for the future raw material purchases, operational and interest expense related payments in the scope of hedge accounting (December 31, 2018 - TRL1.100.668, equivalent of thousand USD195.145, thousand EURO12.281).

#### NOTE 7. SHORT AND LONG TERM BORROWINGS

##### a) Bank Loans, issued debt instruments and other borrowings

	December 31, 2019	December 31, 2018
Other Short-term Borrowings (Related Parties)	-	328.327
Short-term Bank Loans (Third Parties)	757.458	502.372
Other Current Portion of Non-current Borrowings (Related Parties)	-	196.784
Current Portion of Bank Loans (Third Parties)	882.925	1.294.738
Current Portion of Issued Debt Instruments (Third Parties)	525.641	32.894
Long-term Bank Loans (Third Parties)	1.622.498	797.835
Long-term Issued Debt Instruments (Third Parties)	6.315.468	6.075.730
	<b>10.103.990</b>	<b>9.228.680</b>

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#### NOTE 7. SHORT AND LONG TERM BORROWINGS (continued)

##### a) Bank Loans, issued debt instruments and other borrowings (continued)

As of December 31, 2019, total borrowings consist of principal (finance lease obligations included) amounting to TRL10.020.683 (December 31, 2018- TRL9.157.004) and interest expense accrual amounting to TRL83.307 (December 31, 2018 - TRL71.676). As of December 31, 2019 and December 31, 2018, total amount of borrowings and the effective interest rates are as follows:

	December 31, 2019			December 31, 2018		
	Amount	Weighted average fixed rate	Weighted average floating rate	Amount	Weighted average fixed rate	Weighted average floating rate
<b>Short-term Borrowings</b>						
TRL denominated borrowings	5.415	-	-	169.367	26,27%	-
Foreign currency denominated borrowings (USD)	108.771	-	Libor + 1,75%	288	3,00%	-
Foreign currency denominated borrowings (EURO)	146.326	1,75%	-	4.278	3,55%	-
						Kibor + 0,46% - Mosprime
Foreign currency denominated borrowings (Other)	496.946	12,32%	Kibor + 0,32%	656.766	20,71%	2,56%
	757.458			830.699		
<b>Short-term portion of long term borrowings</b>						
TRL denominated borrowings	9.448	11,79%	-	16.285	11,74%	-
Foreign currency denominated borrowings (USD)	925.150	3,79%	Libor + 1,52%	438.168	4,42%	Libor + 2,33%
			Euribor +			
Foreign currency denominated borrowings (EURO)	330.591	1,40%	1,75%	1.054.095	1,56%	Euribor + 1,37%
Foreign currency denominated borrowings (Other)	143.377	7,53%	-	14.058	6,00%	-
	1.408.566			1.522.606		
Financial leasing borrowings (Other Foreign Currency) <sup>(*)</sup>	-			1.810		
<b>Total</b>	<b>2.166.024</b>			<b>2.355.115</b>		
<b>Long-term Borrowings</b>						
TRL denominated borrowings	889.000	11,92%	-	570.000	11,74%	-
Foreign currency denominated borrowings (USD)	5.760.913	3,82%	Libor + 2,50%	5.731.948	3,82%	-
			Euribor +			
Foreign currency denominated borrowings (EURO)	789.084	1,50%	2,24%	564.261	-	Euribor + 2,21%
Foreign currency denominated borrowings (Other)	498.969	7,85%	-	5.032	6,00%	-
	7.937.966			6.871.241		
Financial leasing borrowings (Other Foreign Currency) <sup>(*)</sup>	-			2.324		
<b>Total</b>	<b>7.937.966</b>			<b>6.873.565</b>		
<b>Grand Total</b>	<b>10.103.990</b>			<b>9.228.680</b>		

<sup>(\*)</sup> Financial leasing borrowings, which were previously accounted under bank loans, issued debt instruments and other borrowings according to TAS 17 are reclassified to the lease liabilities according to TFRS 16.

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#### NOTE 7. SHORT AND LONG TERM BORROWINGS (continued)

##### a) Bank Loans, issued debt instruments and other borrowings (continued)

Repayments of long-term borrowings are scheduled as follows:

	December 31, 2019	December 31, 2018
Between 1 -2 years	678.945	800.442
Between 2-3 years	3.642.786	85.475
Between 3-4 years	837.624	2.722.912
Between 4-5 years	2.778.611	740.095
5 years and more	-	2.524.641
	<b>7.937.966</b>	<b>6.873.565</b>

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

	2019	2018
Balance at January 1	9.228.680	8.509.490
Addition through business combination	-	418.554
Shareholder loans transferred as a result of business combination	-	163.549
Proceeds from borrowings	2.427.127	1.491.673
Repayments of borrowings	(2.662.159)	(4.807.590)
Interest and borrowing expense (Note 28)	537.810	559.828
Interest paid	(531.131)	(552.684)
Classification of financial leasing item under TFRS 16	(4.135)	-
Foreign exchange gain/loss	734.889	3.208.996
Currency translation differences	372.909	236.864
<b>Balance at December 31</b>	<b>10.103.990</b>	<b>9.228.680</b>

As of December 31, 2019, net interest on cross currency swap contracts of CCI is TRL41.150 (December 31, 2018 - TRL44.990).

##### b) Lease Liabilities

	December 31, 2019	December 31, 2018
Current Portion of Lease Liabilities (Third Parties)	130.523	-
Long term Lease Liabilities (Third Parties)	315.528	-
	<b>446.051</b>	<b>-</b>

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#### NOTE 7. SHORT AND LONG TERM BORROWINGS (continued)

##### b) Lease Liabilities (continued)

As of December 31, 2019, the weighted average of the Group's incremental borrowing rates are as follows;

Currency	31 December 2019	Weighted average fixed rate
TRL	208.039	19,2%
US Dollars (USD)	10.523	5,8%
European Currency (EURO)	22.000	3,0%
Russian Ruble (RUR)	69.172	8,4%
Ukraine Hryvnya (UAH)	37.692	19,8%
Pakistan Rupee (PKR)	85.600	7,6%
Azerbaijani Manat (AZN)	4.311	15,0%
Jordan Dinar (JOD)	6.988	7,6%
Iraqi Dinar (IQD)	1.684	5,7%
British Pound (GBP)	42	7,0%
	<b>446.051</b>	

Repayments of long-term lease liabilities are scheduled as follows:

	31 December 2019	31 December 2018
Between 1 -2 years	96.945	-
Between 2-3 years	49.339	-
Between 3-4 years	8.115	-
Between 4-5 years	15.608	-
5 years and more	145.521	-
	<b>315.528</b>	-

The movement of lease liabilities as of December 31,2019 is as follows:

	2019	2018
Balance at January 1	315.762	-
Additions	190.076	-
Repayments	(136.284)	-
Disposals	(4.240)	-
Interest expense	51.188	-
Gain arising from the termination of lease agreements	(165)	-
Financial lease obligations classified under TFRS 16	3.016	-
Foreign exchange gain/loss	828	-
Currency translation differences	25.870	-
<b>Balance at December 31</b>	<b>446.051</b>	-

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#### NOTE 8. DERIVATIVE INSTRUMENTS

##### a) Cross currency swaps

As of December 31, 2019, CCI 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 TRL321.030 (December 31, 2018- TRL219.315).

##### b) Currency option contracts

As of December 31, 2019, the Company has 15 currency option contracts with a total nominal amount of TRL273.249 (31 December 2018 - None).

##### c) Interest rate swaps

Efes Breweries International N.V. has executed an interest rate swap agreement on 8 June 2015 in order to mitigate interest rate risk of loan amounting to TRL255.429 (equivalent of 43 million USD) with maturity of 6 January of 2020 and variable interest rate (31 December 2018 - 226.219 TL).

##### d) Commodity swap contracts

As of December 31, 2019, CCI has 14 sugar swap transactions with a total nominal amount of TRL4.545 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 30 September 2019 and 3 October 2019 (December 31, 2018- TRL153.639, 14.234 tones, 4 aluminium swap).

As of December 31, 2018, CCI has 4 aluminium swap transactions with a total nominal amount of TRL153.639 for 14.234 tones. The total of these aluminium swap contracts is designated as hedging instruments as of July 19, 2018 and October 11, 2018, in cash flow hedges related to forecasted cash flow, for the high probability purchases of production material exposed to commodity price risk for the year 2019.

As of December 31, 2019, the company has 33 commodity swap and 12 commodity option contracts with a total nominal amount of TRL34.856 (December 31, 2018- 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 TRL9.969 for 942 tonnes of aluminium (December 31, 2018- None).

##### f) Currency forwards

As of December 31, 2019, CCBPL has FX forward transactions with a total nominal amount of TRL27.443, 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 TRL108.028, 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, CCI 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 USD24 million, due December 1, 2020. Total option value of this hedge transaction is TRL2.557 and total nominal value is TRL142.565.

As of December 31, 2018, Turkey Beer has foreign currency forward transactions with a nominal amount of TRL100.942 amounting to USD 2 million and EUR 15 million.

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#### NOTE 8. DERIVATIVE INSTRUMENTS (continued)

##### e) Commodity swap contracts (continued)

The effective portion of change is in fair value of derivative instruments designated as hedging instruments in cash flow hedges is recognized in the consolidated statement of comprehensive income. The Group calculates the fair values of financial instruments that do not have an active market by using market data, using similar transactions, reference to fair value of similar instruments and discounted cash flow analysis.

	December 31, 2019		December 31, 2018	
	Nominal Value	Fair Value Asset/(Liability)	Nominal Value	Fair Value Asset/(Liability)
Cross currency swaps	-	-	361.501	44.263
Currency option contracts	273.249	(9.656)	-	-
Interest rate swaps	255.429	4	226.219	2.747
Commodity swap contracts	49.370	931	172.295	(13.485)
Currency forwards	280.593	(1.147)	100.942	(16.347)
	<b>858.641</b>	<b>(9.868)</b>	860.957	17.178

#### NOTE 9. FINANCIAL INVESTMENTS

	December 31, 2019	December 31, 2018
Time deposits with maturity more than three months	382.542	21.163
Expected credit loss (-)	(2.262)	-
	<b>380.280</b>	21.163

As of December 31, 2019 time deposits with maturities over 3 months made for 148 days is denominated in TRY interest rate is 11,40%, 32 and 91 days period are denominated in USD and KZT and interest rates are for USD 0,80%- 3,00% and for KZT 10,00% respectively (December 31,2018 - USD 1,00% and KZT 4,50%- 11,00%; remaining maturities between 31-361 days).

#### NOTE 10. TRADE RECEIVABLES AND PAYABLES

##### a) Trade Receivables

	December 31, 2019	December 31, 2018
Short term trade receivables from third parties	2.519.752	2.233.940
Long term trade receivables from third parties	1.619	1.437
Trade receivables from related parties (Note 31)	290.784	230.018
Notes and cheques receivables	32.404	48.220
Expected credit loss (-)	(115.739)	(98.374)
	<b>2.728.820</b>	2.415.241

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#### NOT 10. TRADE RECEIVABLES AND PAYABLES (continued)

##### a) Trade Receivables (continued)

The movement of provision for doubtful receivables as of December 31, 2019 and 2018 is as follows:

	2019	2018
Balance at January 1	98.374	54.942
Current year provision	23.136	22.313
Provisions no longer required	(11.621)	(3.636)
Addition through business combination	-	26.429
Write-offs from expected credit loss	(6.522)	(11.191)
Currency translation differences	12.372	9.517
<b>Balance at December 31</b>	<b>115.739</b>	<b>98.374</b>

##### b) Trade Payables

	December 31, 2019	December 31, 2018
Short term trade payables to third parties	4.807.418	3.318.032
Long term trade payables to third parties	10.864	44.207
Trade payables to related parties (Note 31)	486.304	282.578
	<b>5.304.586</b>	<b>3.644.817</b>

#### NOTE 11. OTHER RECEIVABLES AND PAYABLES

##### a) Other Current Receivables

	December 31, 2019	December 31, 2018
Receivables from related party (Note 31)	75.375	28.377
Sublease receivables from related party <sup>(1)</sup>	27.303	-
Due from personnel	16.789	13.977
Receivables from tax office	14.675	14.174
Deposits and guarantees given	2.114	5.347
Other	29.399	40.153
	<b>165.655</b>	<b>102.028</b>

<sup>(1)</sup> Subleases from related parties has been recorded according to TFRS 16 which are related with the management building and leased on behalf of the parent company AG Anadolu Group A.Ş. and the subsidiaries.

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#### NOTE 11. OTHER RECEIVABLES AND PAYABLES (continued)

##### b) Other Non-Current Receivables

	December 31, 2019	December 31, 2018
Deposits and guarantees given	51.850	47.381
Sublease receivables from related party <sup>(1)</sup>	21.394	-
Other	3.410	5.485
	<b>76.654</b>	<b>52.866</b>

##### c) Other Current Payables

	December 31, 2019	December 31, 2018
Taxes other than income taxes	1.095.671	1.116.980
Deposits and guarantees taken	310.606	260.668
Other	16.844	94.788
	<b>1.423.121</b>	<b>1.472.436</b>

##### d) Other Non-Current Payables

	December 31, 2019	December 31, 2018
Deposits and guarantees taken	471.632	381.478
Other non-current payables	1.865	9.898
	<b>473.497</b>	<b>391.376</b>

<sup>(1)</sup> Subleases from related parties has been recorded according to TFRS 16 which are related with the management building and leased on behalf of the parent company AG Anadolu Group A.Ş. and the subsidiaries.

#### NOTE 12. INVENTORIES

	December 31, 2019	December 31, 2018
Finished and trade goods	645.465	660.738
Raw materials	920.957	759.027
Work-in-process	193.898	154.193
Packaging materials	174.795	153.221
Supplies	167.301	131.351
Bottles and cases	183.087	86.030
Other	62.273	46.114
Reserve for obsolescence (-)	(90.283)	(47.574)
	<b>2.257.493</b>	<b>1.943.100</b>

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#### NOTE 12. INVENTORIES

The movement of reserve for obsolescence as of December 31, 2019 and 2018 is as follows:

	2019	2018
Balance at January 1	47.574	30.177
Current year provision	44.240	26.772
Addition through business combination	-	16.950
Provisions no longer required	(11.511)	(20.648)
Inventories written-off	(4.226)	(5.350)
Currency translation differences	14.206	(327)
<b>Balance at December 31</b>	<b>90.283</b>	<b>47.574</b>

#### NOTE 13. PREPAID EXPENSES AND DEFERRED INCOME

##### a) Short Term Prepaid Expenses

	December 31, 2019	December 31, 2018
Prepaid sales expenses	417.635	335.762
Advances given to suppliers	181.900	118.303
Prepaid insurance expenses	13.021	12.574
Prepaid rent expenses	6.797	7.054
Prepaid other expenses	20.593	23.172
	<b>639.946</b>	<b>496.865</b>

##### b) Long Term Prepaid Expenses

	December 31, 2019	December 31, 2018
Prepaid sales expenses	320.448	354.740
Prepaid rent expenses	23.329	36.900
Advances given to suppliers	10.469	14.752
Prepaid other expenses	4.567	1.103
	<b>358.813</b>	<b>407.495</b>

##### c) Short Term Deferred Income (Deferred Income Other Than Contract Liabilities)

	December 31, 2019	December 31, 2018
Advances taken	44.010	58.444
Deferred income	-	148
	<b>44.010</b>	<b>58.592</b>

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#### NOTE 13. PREPAID EXPENSES AND DEFERRED INCOME (continued)

##### d) Long Term Deferred Income (Deferred Income Other Than Contract Liabilities)

	December 31, 2019	December 31, 2018
Deferred income	2.128	975
	<b>2.128</b>	<b>975</b>

#### NOTE 14. RIGHT USE OF ASSET

The Group has adopted the TFRS 16 "Leases" as at 1 January 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 December 31, 2019, movement on right use of asset is as follows:

Cost	January 1, 2019	Additions	Disposals	Currency translation differences	Transfers	December 31, 2019
Land	26.965	5.596	-	7.964	-	40.525
Buildings	181.073	57.980	(19.779)	15.905	-	235.179
Machinery and equipment	12.649	17.958	(25)	1.978	-	32.560
Vehicles	27.654	145.526	(38.803)	1.388	-	135.765
Furniture and fixture	5.922	203	(1.054)	92	-	5.163
Other	614	2.239	-	28	-	2.881
	<b>254.877</b>	<b>229.502</b>	<b>(59.661)</b>	<b>27.355</b>	<b>-</b>	<b>452.073</b>
<b>Accumulated depreciation(-)</b>						
Land	-	5.578	-	544	-	6.122
Buildings	-	35.302	(16.248)	2.562	-	21.616
Machinery and equipment	-	9.683	(25)	304	-	9.962
Vehicles	-	42.713	(27.541)	513	-	15.685
Furniture and fixture	-	2.745	(1.054)	31	-	1.722
Other	-	843	-	8	-	851
	<b>-</b>	<b>96.864</b>	<b>(44.868)</b>	<b>3.962</b>	<b>-</b>	<b>55.958</b>
<b>Net book value</b>	<b>254.877</b>					<b>396.115</b>

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#### NOT 15. INVESTMENT PROPERTIES

For the years ended December 31, 2019 and 2018, movement on investment properties are as follows:

Cost	2018	Additions	Disposals	Currency translation differences	Transfers	2019
Land	24.890	-	-	6.959	5.968	37.817
Buildings	188.884	-	-	50.559	2.102	241.545
Construction in progress	1.436	-	-	385	-	1.821
	<b>215.210</b>	<b>-</b>	<b>-</b>	<b>57.903</b>	<b>8.070</b>	<b>281.183</b>
<b>Accumulated depreciation(-)</b>						
Buildings	<b>101.848</b>	<b>4.936</b>	-	<b>27.748</b>	<b>1.427</b>	<b>135.959</b>
	<b>101.848</b>	<b>4.936</b>	-	<b>27.748</b>	<b>1.427</b>	<b>135.959</b>
<b>Net book value</b>	<b>113.362</b>					<b>145.224</b>

Cost	2017	Additions	Disposals	Currency translation differences	Transfers	2018
Land	21.523	-	-	3.367	-	24.890
Buildings	163.534	-	(213)	25.587	(24)	188.884
Construction in progress	1.242	-	-	194	-	1.436
	<b>186.299</b>	<b>-</b>	<b>(213)</b>	<b>29.148</b>	<b>(24)</b>	<b>215.210</b>
<b>Accumulated depreciation(-)</b>						
Buildings	84.405	4.330	(19)	13.132	-	101.848
	<b>84.405</b>	<b>4.330</b>	<b>(19)</b>	<b>13.132</b>	-	<b>101.848</b>
<b>Net book value</b>	<b>101.894</b>					<b>113.362</b>

As of December 31, 2019, there is no mortgage on investments properties (December 31, 2018 -None).

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#### NOTE 16. PROPERTY, PLANT AND EQUIPMENT

For the year ended December 31, 2019 movement on property, plant and equipment are as follows:

Cost	2018	Additions	Disposals	Currency translation differences	(Impairment)/ Impairment reversal, net	Transfers <sup>(*)</sup>	2019
Land and land improvements	739.376	2.671	(48.294)	56.546	-	15.583	765.882
Buildings	3.474.308	28.830	(70.032)	480.882	-	161.524	4.075.512
Machinery and equipment	9.461.645	208.278	(137.542)	1.316.068	-	(147.732)	10.700.717
Vehicles	217.928	12.880	(37.244)	31.800	-	43.891	269.255
Other tangibles	4.348.979	477.014	(434.050)	344.196	-	896.512	5.632.651
Leasehold improvements	32.631	112	(160)	(200)	-	480	32.863
Construction in progress	504.275	990.819	(1.191)	94.802	-	(1.050.067)	538.638
	18.779.142	1.720.604	(728.513)	2.324.094	-	(79.809)	22.015.518
<b>Accumulated depreciation and impairment (-)</b>	<b>2018</b>	<b>Additions <sup>(**)</sup></b>	<b>Disposals</b>	<b>Currency translation differences</b>	<b>Impairment/ (Impairment reversal), net</b>	<b>Transfers <sup>(*)</sup></b>	<b>2019</b>
Land and land improvements	113.089	19.920	(22.901)	16.795	-	(11.338)	115.565
Buildings	858.780	113.410	(44.491)	110.270	-	25.837	1.063.806
Machinery and equipment	4.427.969	695.628	(98.222)	662.008	(105)	(395.186)	5.292.092
Vehicles	126.080	26.388	(33.256)	20.993	-	15.370	155.575
Other tangibles	2.469.977	720.169	(393.438)	173.335	6.037	343.891	3.319.971
Leasehold improvements	27.094	934	(160)	467	-	-	28.335
Construction in progress	2.721	-	-	-	30.932	-	33.653
	8.025.710	1.576.449	(592.468)	983.868	36.864	(21.426)	10.008.997
<b>Net book value</b>	<b>10.753.432</b>						<b>12.006.521</b>

<sup>(\*)</sup> There are transfers to other intangible assets amounting to TRL86.955, transfer to investment properties amounting to TRL6.643 and transfer from inventories amounting to TRL35.215 in 2019 (Note 15, 17).

<sup>(\*\*)</sup> Distribution of depreciation expense is disclosed in Note 25.

As of December 31, 2019, there is a pledge on property, plant and equipment of TRL123.211 (December 31, 2018 - TRL119.686) for loans of Cİ. This amount is disclosed in

Commitments and Contingencies note under guarantees, pledges and mortgages (GPMs) table (Note 18).

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#### NOTE 16. PROPERTY, PLANT AND EQUIPMENT (continued)

For the year ended December 31, 2018 movement on property, plant and equipment are as follows:

Cost	2017	Additions	Disposals	Addition through subsidiary acquired (Note 3)	Currency translation differences	(Impairment)/ Impairment reversal, net	Transfers (*)	2018
Land and land improvements	661.217	863	(6.262)	495	78.388	-	4.675	739.376
Buildings	2.612.354	6.972	(12.037)	246.338	589.708	-	30.973	3.474.308
Machinery and equipment	6.681.786	111.286	(186.027)	1.196.629	1.473.882	-	184.089	9.461.645
Vehicles	177.661	18.434	(37.143)	-	55.064	-	3.912	217.928
Other tangibles	3.300.572	522.844	(352.693)	210.101	500.826	-	167.329	4.348.979
Leasehold improvements	31.500	440	(423)	379	281	-	454	32.631
Construction in progress	154.960	904.205	(221)	82.978	(237.478)	-	(400.169)	504.275
	<b>13.620.050</b>	<b>1.565.044</b>	<b>(594.806)</b>	<b>1.736.920</b>	<b>2.460.671</b>	-	<b>(8.737)</b>	<b>18.779.142</b>
Accumulated depreciation and impairment (-)	2017	Additions (**)	Disposals	Addition through subsidiary acquired (Note 3)	Currency translation differences	Impairment/ (Impairment reversal), net	Transfers (*)	2018
Land and land improvements	91.218	10.547	(248)	-	11.572	-	-	113.089
Buildings	646.572	114.489	(1.932)	-	99.851	-	(200)	858.780
Machinery and equipment	3.307.660	707.732	(165.074)	-	567.651	9.836	164	4.427.969
Vehicles	95.037	25.196	(28.128)	-	33.975	-	-	126.080
Other tangibles	1.966.745	591.200	(324.200)	-	218.435	17.761	36	2.469.977
Leasehold improvements	24.862	2.418	(423)	-	237	-	-	27.094
Construction in progress	2.721	-	-	-	-	-	-	2.721
	<b>6.134.815</b>	<b>1.451.582</b>	<b>(520.005)</b>	-	<b>931.721</b>	<b>27.597</b>	-	<b>8.025.710</b>
<b>Net book value</b>	<b>7.485.235</b>							<b>10.753.432</b>

(\*) As of December 31, 2018, there are transfers amounting to TRL8.737 to other intangible assets (Note 17).

(\*\*) Distribution of depreciation expense is disclosed in Note 25.

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#### NOTE 17. INTANGIBLE ASSETS

##### a) Other Intangible Assets

For the year ended December 31, 2019 movements of intangible assets are as follows:

Cost	2018	Additions	Disposals	Currency translation differences	(Impairment)/ Impairment reversal, net	Transfers	2019
Bottling contracts	9.226.672	-	-	577.136	-	-	9.803.808
Licence agreements	4.666.970	-	-	1.163.649	-	-	5.830.619
Brands (*)	713.819	-	-	154.932	-	-	868.751
Rights	57.960	2.993	-	12.585	-	104.461	177.999
Construction in progress	-	40.821	-	-	-	19.365	60.186
Other intangible assets	294.368	59.097	(97.999)	35.967	-	(36.871)	254.562
	14.959.789	102.911	(97.999)	1.944.269	-	86.955	16.995.925
<b>Accumulated amortization and impairment (-)</b>	<b>2018</b>	<b>Additions</b>	<b>Disposals</b>	<b>Currency translation differences</b>	<b>Impairment/ (Impairment reversal), net</b>	<b>Transfers</b>	<b>2019</b>
Bottling contracts	-	-	-	-	-	-	-
Licence agreements	308.402	-	-	2.250	64.407	-	375.059
Brands	111.704	-	-	13.341	-	-	125.045
Rights	47.477	27.504	-	3.769	-	-	78.750
Construction in progress	-	-	-	-	-	-	-
Other intangible assets	148.668	31.467	(86.091)	20.184	-	-	114.228
	616.251	58.971	(86.091)	39.544	64.407	-	693.082
<b>Net book value</b>	<b>14.343.538</b>						<b>16.302.843</b>

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#### NOTE 17. INTANGIBLE ASSETS (continued)

##### a) Other Intangible Assets (continued)

For the year ended December 31, 2018 movements of intangible assets are as follows:

Cost	2017	Additions	Disposals	Addition through Subsidiary (Note 3)	Currency translation differences	(Impairment)/ Impairment reversal, net	Transfers	2018
Bottling contracts	8.378.797	-	-	-	847.875	-	-	9.226.672
Licence agreements	1.351.882	-	-	2.830.298	484.790	-	-	4.666.970
Brands (*)	426.150	-	-	189.755	97.914	-	-	713.819
Rights	47.372	2.853	-	4.638	894	-	2.203	57.960
Other intangible assets	202.996	47.588	(2.555)	9.332	30.449	-	6.558	294.368
	<b>10.407.197</b>	<b>50.441</b>	<b>(2.555)</b>	<b>3.034.023</b>	<b>1.461.922</b>	<b>-</b>	<b>8.761</b>	<b>14.959.789</b>

Accumulated amortization and impairment (-)	2017	Additions	Disposals	Addition through Subsidiary (Note 3)	Currency translation differences	Impairment/ (Impairment reversal), net	Transfers	2018
Bottling contracts	-	-	-	-	-	-	-	-
Licence agreements	19.169	-	-	-	-	289.233	-	308.402
Brands	-	-	-	-	7.810	103.894	-	111.704
Rights	39.315	8.059	-	-	103	-	-	47.477
Other intangible assets	106.653	29.434	(2.497)	-	15.078	-	-	148.668
	<b>165.137</b>	<b>37.493</b>	<b>(2.497)</b>	<b>-</b>	<b>22.991</b>	<b>393.127</b>	<b>-</b>	<b>616.251</b>
<b>Net book value</b>	<b>10.242.060</b>							<b>14.343.538</b>

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#### NOTE 17. INTANGIBLE ASSETS (continued)

##### b) Goodwill

For the years ended December 31, 2019 and 2018, movements of the goodwill during the period are as follows:

	2019	2018
At January 1	2.612.996	1.840.808
Addition through business combination (Note 3)	-	535.793
Provision for impairment	(3.369)	-
Currency translation differences	611.725	236.395
<b>At December 31</b>	<b>3.221.352</b>	<b>2.612.996</b>

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

	Turkey Beer	International Beer	Soft Drinks	Other	Total
<b>2019</b>	<b>50.099</b>	<b>2.308.731</b>	<b>862.522</b>	-	<b>3.221.352</b>
2018	50.099	1.724.756	838.141	-	2.612.996

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#### NOTE 18. COMMITMENTS AND CONTINGENCIES

##### Parent Company (Anadolu Efes) and Subsidiaries Included in Consolidation

As of December 31, 2019 and December 31, 2018 guarantees, pledges and mortgages (GPMs) given in favor of the parent company and subsidiaries included in full consolidation 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	Other Foreign Currency TRL Equivalent
A. GPMs given on behalf of the Company's legal personality	277.182	138.104	181	255	-	52.216	2.667.000	20.916
B. GPMs given in favor of subsidiaries included in full consolidation <sup>(1)</sup>	719.515	-	54.998	48.182	-	-	1.376.939	19.563
C. GPMs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	-	-	-	-	-	-	-	-
D. Other GPMs	19.457	19.457	-	-	-	-	-	-
i. GPMs given in favor of parent company	-	-	-	-	-	-	-	-
ii. GPMs given in favor of group companies not in the scope of B and C above <sup>(2)</sup>	19.457	19.457	-	-	-	-	-	-
iii. GPMs given in favor of third party companies not in the scope of C above	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1.016.154</b>	<b>157.561</b>	<b>55.179</b>	<b>48.437</b>	<b>-</b>	<b>52.216</b>	<b>4.043.939</b>	<b>40.479</b>
<b>Ratio of other GPMs over the Company's equity (%)</b>	<b>0,1</b>							

<sup>(1)</sup> Consists of the GPMs given in favor of subsidiaries included in full consolidation for their borrowings. These financial liabilities are included in short-term and long-term borrowings in consolidated financial statements.

<sup>(2)</sup> Includes the GPMs given in favor of Anadolu Etap which is the Group's investment accounted by using equity method.

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### NOTE 18. COMMITMENTS AND CONTINGENCIES (continued)

#### Parent Company (Anadolu Efes) and Subsidiaries Included in Consolidation (continued)

	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	Other Foreign Currency TRL Equivalent
A. GPMs given on behalf of the Company's legal personality	375.335	240.500	181	398	27	42.879	2.667.000	18.524
B. GPMs given in favor of subsidiaries included in full consolidation <sup>(1)</sup>	845.646	-	43.000	85.121	-	-	2.222.331	18.987
C. GPMs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	-	-	-	-	-	-	-	-
D. Other GPMs	14.559	14.559	-	-	-	-	-	-
i. GPMs given in favor of parent company	-	-	-	-	-	-	-	-
ii. GPMs given in favor of group companies not in the scope of B and C above <sup>(2)</sup>	14.559	14.559	-	-	-	-	-	-
iii. GPMs given in favor of third party companies not in the scope of C above	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1.235.540</b>	<b>255.059</b>	<b>43.181</b>	<b>85.519</b>	<b>27</b>	<b>42.879</b>	<b>4.889.331</b>	<b>37.511</b>
<b>Ratio of other GPMs over the Company's equity (%)</b>	<b>0,1</b>							

<sup>(1)</sup> Consists of the GPMs given in favor of subsidiaries included in full consolidation for their borrowings. These financial liabilities are included in short-term and long-term borrowings in consolidated statements.

<sup>(2)</sup> Includes the GPMs given in favor of Anadolu Etap which is the Group's investment accounted by using equity method.

#### Murabaha

CCBPL has signed Murabaha facility agreements with Habib Bank Limited and Standard Chartered Bank (Banks). Based on these agreements, the Banks and CCBPL agree that they shall enter into a series of sugar and resin 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 3,2 million sugar purchase commitment to the Banks until the end of June 2020 and has USD 84 million sugar purchase commitment to the Banks until the end of March 2020.

#### Tax and Legal Matters

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, the Central Bank and Ministry of Finance. Tax declarations, together with other legal compliance areas (as examples, 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 AND CONTINGENCIES (continued)

##### Tax and Legal Matters (continued)

As per the change in governing law in Pakistan, "Capacity Tax" was started to be applied as of July 9, 2013, replacing "Sales and Excise Tax". CCBPL fulfilled all the obligations as per the new law and change in regulations.

As of May 2014, "Capacity Tax" application was cancelled by the constitutional court and the law has been reverted to "Sales and Excise Tax". After this withdrawal, CCBPL fulfilled all the obligations again according to "Sales and Excise Tax" system.

After the withdrawal, Federal tax office in Pakistan requested PKR 3,505 million (equivalent to USD22,5 million) additional tax payment from CCBPL, by arguing that "Sales and Excise Tax" should be applied retrospectively by considering the period before the cancellation of "Capacity Tax" application. Company Management objected and litigated this request, since withdrawal decisions of constitutional court could not be applied retrospectively in principle. In the opinion of Management, the outcome of the litigation will be favourable (December 31, 2018 - PKR 3,505 million, equivalent to USD 25,3 million).

##### Litigations against the Group

As of December 2019, according to the legal opinion taken by the administration in response to the 14 lawsuits filed against JSC AB Inbev Efes, in the event of loss the estimated compensation will be million TRL5.948. In the opinion given by the legal counsel of the Group, it is stated that there is low probability of losing the cases and so no provision has been made in the financial statements.

CCI and subsidiaries in Turkey are involved on an ongoing basis in 214 litigations arising in the ordinary course of business as of December 31, 2019 with an amount of TRL11.532 (December 31, 2018 - TRL8.714). As of December 31, 2019, no court decision has been granted yet.

As of December 31, 2019, CCBPL has tax litigations. If the claims are resulted against CCBPL, the tax liability would be PKR1.478 million, equivalent to USD9.5 million (December 31, 2018 - PKR1.472 million, equivalent to USD 10.6 million).

Group management does not expect any adverse consequences related with these litigations that would materially affect Group's operation results or financial status.

#### NOTE 19. EMPLOYEE BENEFITS OBLIGATIONS

As of December 31, 2019 and 2018, employee benefits obligations are as follows:

	December 31, 2019	December 31, 2018
Social security and withholding tax liabilities	52.420	43.175
Wages payable	29.535	33.860
	<b>81.955</b>	<b>77.035</b>

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#### NOTE 20. CURRENT AND NON-CURRENT PROVISIONS

##### a) Short Term Provision for Employee Benefits

As of December 31, 2019 and 2018, short term provision for employee benefits are as follows:

	December 31, 2019	December 31, 2018
Provision for vacation pay liability	43.344	36.642
Management bonus accrual	40.999	41.728
Other short-term employee benefits	30.881	34.848
	<b>115.224</b>	<b>113.218</b>

As of December 31, 2019 and 2018, the movement of provision for vacation pay liability is as below:

	2019	2018
Balance at January 1	36.642	23.956
Payments and used vacations	(13.355)	(12.020)
Addition through business combination	-	8.948
Current year provision	13.865	11.732
Currency translation differences	6.192	4.026
	<b>43.344</b>	<b>36.642</b>

As of December 31, 2019 and 2018, the movement of management bonus accruals is as below:

	2019	2018
Balance at January 1	41.728	52.489
Payments	(116.160)	(123.363)
Addition through business combination	-	23.227
Current year provision	111.596	78.033
Currency translation differences	3.835	11.342
	<b>40.999</b>	<b>41.728</b>

##### b) Long Term Provision for Employee Benefits

	December 31, 2019	December 31, 2018
Employment termination benefits	177.627	132.887
Long term incentive plans	10.808	10.288
	<b>188.435</b>	<b>143.175</b>

In accordance with existing social legislation, the Group's companies incorporated in Turkey are 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. The retirement pay liability as at December 31, 2019 is subject to a ceiling of full TRL6.380 (December 31, 2018 - full TRL5.434) (Retirement pay liability ceiling has been increased to full TRL6.730 as of January 1, 2020). In the consolidated financial statements as of December 31, 2019 and 2018, the Group reflected a liability calculated using the projected unit credit method and based upon factors derived using 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. Accordingly, net discount rates determined by considering expected payment dates are in a range between 4,21% and 3,80% (December 31, 2018 - 4,22% and 4,46%).

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#### NOTE 20. CURRENT AND NON-CURRENT PROVISIONS (continued)

b) Long Term Provision for Employee Benefits (continued)

Movement of provision for employment termination benefits represented in the consolidated financial statements is as follows:

	2019	2018
Balance at January 1	132.887	114.125
Payments	(21.246)	(17.269)
Interest cost	2.212	1.965
Current year provision	51.527	34.710
Actuarial loss	11.342	(928)
Currency Translation Difference	905	284
	<b>177.627</b>	<b>132.887</b>

Movement of provision for long-term incentive plan represented in the consolidated financial statements is as follows:

	2019	2018
Balance at January 1	10.288	9.961
Payments	(12.817)	(23.412)
Interest cost	337	334
Current year provision	13.180	23.405
Actuarial loss	(180)	-
Currency translation differences	-	-
	<b>10.808</b>	<b>10.288</b>

Actuarial loss from defined benefit plans, included in other short-term employee benefits and provision for employment termination benefits, amounting to TRL10.112 was reflected to other comprehensive income (December 31, 2018 - TRL1.063).

c) Other Current Provision

Movement of provisions for lawsuits and penalties represented in the consolidated financial statements is as follows:

	2019	2018
Balance at January 1	81.511	897
Payment	(2.190)	(137)
Addition through business combination	-	56.761
Current year provision	19.449	18.374
Provisions no longer required	(55.929)	-
Currency translation differences	15.999	5.616
<b>Balance at December 31</b>	<b>58.840</b>	<b>81.511</b>

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#### NOTE 21. OTHER ASSETS AND LIABILITIES

##### a) Other Current Assets

	31 December 2019	31 December 2018
Value Added Tax (VAT) deductible or to be transferred	428.243	399.635
Other	37.666	39.620
	<b>465.909</b>	439.255

##### b) Other Non-Current Assets

	31 December 2019	31 December 2018
Deferred VAT and other taxes	739	244
Other	5.374	753
	<b>6.113</b>	997

##### b) Other Current Liabilities

	31 December 2019	31 December 2018
Deferred VAT and other taxes	148.153	63.933
Put option liability	14.019	12.416
Other	50.950	24.109
	<b>213.122</b>	100.458

The obligation of TRL14.019 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. USD amount is converted with the

official USD purchase rate announced by Central Bank of Republic of Turkey and resulting TRL amount is reflected under other current liabilities (December 31, 2018 - TRL 12.416).

##### c) Other Non-Current Liabilities

	31 December 2019	31 December 2018
Put option liability	209.204	198.020
Deferred VAT and other taxes	500	-
Other	2.055	8.355
	<b>211.759</b>	206.375

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 CCI will have an obligation to buy) its remaining 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 is calculated using discounted cash flow method as TRL209.204 and the amount is recorded under "other non-current liabilities" account (December 31, 2018 - TRL198.020).

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### NOTE 22. EQUITY, RESERVES AND OTHER EQUITY ITEMS

#### a) Issued Capital and Adjustments to Share Capital and Equity Investments

	2019	2018
Common shares 1 full TRL per value		
Authorized capital	900.000	900.000
Issued capital	592.105	592.105

The composition of shareholders and their respective percentage of ownership as of December 31, 2019 and 2018 are given at Note 1 - Group's Organization and Nature of Activities.

As of December 31, 2019 and 2018, there is no privileged share representing the capital. According to the articles of association, foundation shares that do not represent the share capital receives 2% of the profit that remains after 10% of the paid in capital is deducted from the distributable profit for the period.

#### b) Restricted Reserves Allocated from Net Profit, Revaluation Fund and Accumulated Profits

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 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 distribute dividend according to the Communiqué No: II-19.1 which is effective from 1 February 2014 of the CMB.

Companies distribute dividend within the framework of the profit distribution policies determined by the general assemblies and in accordance with the related legislation by the decision of the general assembly. Within the scope of the communiqué, a minimum distribution ratio has not been determined. Companies pay dividends as specified in articles of incorporation or in profit distribution policies.

Positive distinction from inflation adjustment to shareholders' equity and carrying amount of paid-in capital extraordinary reserves can only be netted-off against prior years' losses and used as an internal source for capital increase. However, when positive distinction from inflation adjustment to shareholders' equity is used for cash dividend distribution, it is subject to income tax.

Statutory resources attributable to dividend distribution are TRL2.511.263 as of December 31, 2019.

The Group distributed dividend in 2019, related with the year ended as of December 31, 2018, for a gross amount of full TRL0,506 per share, amounting to a total of TRL300.832 (The Group distributed dividend in 2018, related with the year ended as of December 31, 2017, for a gross amount of full TRL0,245 per share, amounting to a total of TRL251.910).

	31 December 2019			31 December 2018		
	Nominal Amount	Inflation Adjustment on Capital	Restated Amount	Nominal Amount	Inflation Adjustment on Capital	Restated Amount
Issued capital	592.105	63.583	655.688	592.105	63.583	655.688
Legal reserves	372.939	74.729	447.668	342.931	74.729	417.660
Extraordinary reserves	877	25.831	26.708	877	25.831	26.708

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#### NOTE 23. SALES AND COST OF SALES

Group recognizes revenue when the control of products is transferred to the customer, compatible with revenue information under segment reporting according to TFRS 8 (Note 5).

Revenues	2019	2018
Domestic revenues	6.775.580	6.421.776
Foreign revenues	16.538.231	12.267.910
<b>Total sales, net</b>	<b>23.313.811</b>	<b>18.689.686</b>
<b>Cost of Sales</b>		
Current year purchases and net change in inventory	11.821.256	9.779.219
Depreciation and amortization expense (*)	1.000.038	950.899
Personnel expenses	674.438	521.618
Utility expenses	511.806	389.302
Provision for retirement pay liability	15.996	9.181
Other expenses	508.307	307.120
<b>Total cost of sales</b>	<b>14.531.841</b>	<b>11.957.339</b>
<b>Gross Operating Profit</b>	<b>8.781.970</b>	<b>6.732.347</b>

#### NOTE 24. OPERATING EXPENSES

##### a) General and Administrative Expenses

	2019	2018
Personnel expenses	761.912	610.282
Service rendered from outside	388.367	427.981
Depreciation and amortization expense (*)	173.477	88.640
Taxation (other than on income) expenses	47.881	57.837
Utilities and communication expenses	31.422	33.600
Provision for retirement pay liability	30.990	20.843
Insurance expenses	15.446	14.586
Repair and maintenance expenses	13.516	11.263
Provision for unused vacation	4.698	5.075
Other expenses	303.040	287.594
	<b>1.770.749</b>	<b>1.557.701</b>

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#### NOTE 27. INVESTMENT ACTIVITY INCOME/EXPENSE (continued)

##### b) Selling, Distribution and Marketing Expenses

	2019	2018
Transportation and distribution expenses	1.667.256	1.197.371
Advertising, selling and marketing expenses	1.378.847	1.185.310
Personnel expenses	874.955	732.588
Depreciation and amortization expenses (*)	564.204	450.258
Repair and maintenance expenses	56.678	49.872
Utilities and communication expenses	41.908	41.761
Provision for retirement pay liability	6.679	6.595
Other expenses	339.845	294.005
	<b>4.930.372</b>	<b>3.957.760</b>

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

#### NOTE 25. EXPENSES BY NATURE

##### a) Depreciation and Amortization Expenses

	2019	2018
Cost of sales	(1.000.038)	(950.899)
Marketing, selling and distribution expenses	(564.204)	(450.258)
General and administration expenses	(173.477)	(88.640)
Other operating expenses	(5.486)	(6.953)
Inventories	5.985	3.345
	<b>(1.737.220)</b>	<b>(1.493.405)</b>

##### b) Personnel Expenses

	2019	2018
Cost of sales	(674.438)	(521.618)
Marketing, selling and distribution expenses	(874.955)	(732.588)
General and administration expenses	(761.912)	(610.282)
	<b>(2.311.305)</b>	<b>(1.864.488)</b>

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#### NOTE 26. OTHER OPERATING INCOME/EXPENSES

##### a) Other Operating Income

	2019	2018
Foreign exchange gains arising from operating activities	360.854	215.908
Income from scrap and other materials	33.879	51.187
Rent income	33.169	23.839
Reversal of provision for inventory obsolescence	11.511	20.648
Reversal of provision for expected credit loss	11.621	3.636
Rediscount income	8.030	4.037
Insurance compensation income	6.219	2.610
Other income	351.572	232.491
	<b>816.855</b>	<b>554.356</b>

##### b) Other Operating Expenses

	2019	2018
Foreign exchange losses arising from operating activities	(352.309)	(255.410)
Administrative fines <sup>(*)</sup>	(71.327)	(897)
Provision for inventory obsolescence	(44.240)	(26.772)
Provision for expected credit loss	(23.136)	(22.313)
Depreciation and amortization expense on PPE & intangible assets	(5.486)	(6.953)
Rediscount expense	(5.262)	(5.593)
Donations	(4.072)	(2.989)
Other expenses	(158.127)	(87.322)
	<b>(663.959)</b>	<b>(408.249)</b>

<sup>(\*)</sup> Administrative fines applied in Turkmenistan were related to arguments on regulatory applications and due to validity of various production licences and certificates.

#### NOTE 27. INVESTMENT ACTIVITY INCOME/EXPENSE

##### a) Investment activity income

	2019	2018
Transfer of currency translation differences previously accounted as other comprehensive income	467.516	169.937
Gain on sale of fixed assets	374.030	61.314
Gain on put option revaluation	14.384	-
Other	53.614	-
	<b>909.544</b>	<b>231.251</b>

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#### NOTE 27. INVESTMENT ACTIVITY INCOME/EXPENSE (continued)

##### b) Investment activity expense

	2019	2018
Loss on sale of PPE	(96.436)	(30.421)
Provision for impairment on intangible assets (Note 17)	(64.407)	(103.894)
Provision for impairment on tangible assets (Note 16)	(36.864)	(27.597)
Loss on sale of intangible assets	(14.496)	(57)
Provision for impairment goodwill (Note 17)	(3.369)	-
Cost of relocating property, plant and equipment	(1.867)	(15.706)
Other	(4.518)	(806)
	<b>(221.957)</b>	<b>(178.481)</b>

#### NOTE 28. FINANCE INCOME/EXPENSE

##### a) Finance Income

	2019	2018
Foreign exchange gain	929.814	2.750.561
Interest income	265.247	296.027
Gain on derivative transactions	24.772	46.792
Interest income from sub-lease receivables	10.220	-
Gain arising from the termination of lease agreements	165	-
	<b>1.230.218</b>	<b>3.093.380</b>

##### b) Finance Expense

	2019	2018
Foreign exchange loss	(1.071.100)	(3.432.468)
Interest and borrowing expense	(537.810)	(555.814)
Loss on derivative transactions	(320.241)	(17.090)
Interest expenses related to leases	(51.188)	-
Other financial expenses	(102.030)	(46.648)
	<b>(2.082.369)</b>	<b>(4.052.020)</b>

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#### NOTE 29. TAX ASSETS AND LIABILITIES

The corporation tax rate for the fiscal year is 22% in Turkey (31 December 2018 - 22%). Corporate tax returns are required to be filed until the twenty fifth of the fourth month following the fiscal year end and paid in full until the end of the same month. The tax legislation provides for a provisional tax of 22% (2018 - 22%) to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the fiscal year.

In accordance with the regulation numbered 7061, published in Official Gazette on 5 December 2017,"Bazı Vergi Kanunları İle Diğer Bazı Kanunlarda Değişiklik Yapılmasına Dair Kanun", corporate tax rate for the years 2018 - 2020 has increased from 20% to 22%. Therefore, deferred tax assets and liabilities as of 31 December 2019 and 2018 are calculated with 22% tax rate for the temporary differences which will be realized in 2020, and with 20% tax for those which will be realized after 2021 and onwards. In accordance with the regulation numbered 7061, Article 5 entitled "Exceptions" of the Corporate Tax Law has been amended in Article 89 of the Law. In accordance with (e) 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.

The main components of tax assets and liabilities as of December 31, 2019 and 2018 are as follows:

	31 December 2019	31 December 2018
Prepaid corporate tax	229.259	168.428
Provision for corporate tax	29.714	17.051

The main components of tax income and expenses as of December 31, 2019 and 2018 are as follows:

	2019	2018
Current period tax expense	(450.702)	(261.271)
Deferred tax income/(expense), net	(198.810)	(15.901)
	(649.512)	(277.172)

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#### NOTE 29. TAX ASSETS AND LIABILITIES (continued)

As of December 31, 2019 and 2018, the reconciliation of theoretical income tax calculated with the tax rates used in the countries that the Company operates in and total income tax is as follows:

	2019	2018
<b>Consolidated profit before tax</b>	<b>1.945.449</b>	376.058
Effect of associate income net off tax	<b>123.732</b>	81.065
<b>Consolidated profit before tax (excluding effect of associate income net off tax)</b>	<b>2.069.181</b>	457.123
Enacted tax rate	<b>22%</b>	22%
Tax calculated at the parent company tax rate	<b>(455.220)</b>	(100.567)
Tax effect of non-deductible expenses	<b>(96.397)</b>	(10.181)
Tax effect of impairment for goodwill	<b>(674)</b>	-
Tax effect of income excluded from tax bases	<b>47.620</b>	13.100
Effect of different tax rates	<b>4.502</b>	837
Deffered tax effect of translation on non-monetary items	<b>(12.413)</b>	(37.846)
Cancellation of deferred tax calculated in previous periods	<b>(122.593)</b>	(7.351)
Impact of tax base increase regarding law no 7143 <sup>(1)</sup>	-	(53.083)
Effect of deferred tax asset on non-recognized income	<b>(80)</b>	(12.459)
Other	<b>(14.257)</b>	(69.622)
	<b>(649.512)</b>	(277.172)

<sup>(1)</sup> Includes amounts paid as a result of the increase in the amount of the tax base and and offsetted from carry forward tax losses in accordance with the "Law on Restructuring of Certain Receivables" numbered 7143.

As of December 31, 2019 and December 31, 2018 consolidated deferred tax assets and liabilities calculated by using effective tax rates are summarized as below:

	31 December 2019	31 December 2018
Deferred tax assets	<b>694.454</b>	675.375
Deferred tax liabilities	<b>(3.073.271)</b>	(2.741.615)
	<b>(2.378.817)</b>	(2.066.240)

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#### NOTE 29. TAX ASSETS AND LIABILITIES (continued)

As of December 31, 2019 and 2018 consolidated deferred tax assets and liabilities calculated by using effective tax rates are summarized as below:

	Asset		Liability		Net	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
PP&E and intangible assets	-	-	(3.554.745)	(3.161.316)	(3.554.745)	(3.161.316)
Inventories	18.738	12.151	-	-	18.738	12.151
Carry forward losses	856.743	781.228	-	-	856.743	781.228
Retirement pay liability and other employee benefits	48.089	71.583	-	-	48.089	71.583
Other provisions and accruals	194.674	163.164	-	-	194.674	163.164
Unused investment discounts	72.855	41.209	-	-	72.855	41.209
Derivative financial instruments	-	25.741	(15.171)	-	(15.171)	25.741
	<b>1.191.099</b>	1.095.076	<b>(3.569.916)</b>	(3.161.316)	<b>(2.378.817)</b>	(2.066.240)

As of December 31, 2019 and 2018, the movement of deferred tax liability is as follows:

	2019	2018
Balance at January 1	(2.066.240)	(1.600.685)
Recorded to the consolidated income statement	(76.217)	(8.550)
Recognized in other comprehensive income	145.759	221.228
Addition through business combination	-	(460.051)
Unused provisions	(122.593)	(7.351)
Currency translation adjustment	(259.526)	(210.831)
<b>Balance at December 31</b>	<b>(2.378.817)</b>	(2.066.240)

As a result of the Group management's assessment that sufficient taxable income will be generated and such carried losses will be utilized until 2024, deferred tax asset amounting to TRL856.743 has been recognized. Carried forward tax losses of JSC AB Inbev Efes, PJSC AB Inbev Efes Ukraine and Coca-Cola Beverages Pakistan Limited according to local tax regulations can be carried forward with an indefinite life.

As of December 31, 2019, total investments made for Bursa, Elazığ, Köyceğiz, Çorlu, Ankara, Mersin, İzmir and Mahmutiye production line investments under the scope of investment incentives are amounting to TRL259.308 (December 31, 2018 - TRL 205.441) with a total tax advantage of TRL73.612 (December 31 - 2018, TRL41.209). Tax advantage calculated from the beginning date of the incentives by considering the future advantages is amounting to TRL2.392 (December 31, 2018 - TRL 2.119).

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#### NOTE 30. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net income for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Weighted average number of shares represents the number of shares as a result of capital increase and adjusted number of shares at the beginning period multiplied with the time-weighting factor. Time weighting factor is calculated by dividing the number of days that the shares are available by the total number of days of the period.

Following table illustrates the net income and share figures used in earnings per share calculation:

	2019	2018
Net Income/(loss)	1.021.504	(11.684)
Weighted average number of shares	592.105.263	592.105.000
Earnings/(losses) per share (full TRL)	1,7252	(0,0197)

There have been no other transactions involving ordinary shares or potential ordinary shares between the financial statement date and the date of approval of these financial statements.

#### NOTE 31. RELATED PARTY BALANCES AND TRANSACTIONS

##### a) Balances with Related Parties

##### Borrowings from Related Parties

The Group has a no loans from related party (31 December 2018- USD thousand 37405 and RUR thousand 4.335.581 total of TRL thousand 525.111 from Brandbev SARL has a floating interest rate of Libor + 3,20% and RUR borrowings has interest rate of Mosprime+2,56%).

The Group has lease liability amounting total of TRL791 as current portion from Çelik Motor, which is a related party of AG Anadolu Grubu Holding A.Ş.(shareholder).

##### Due from Related Parties

	December 31, 2019	December 31, 2018
Migros Group Companies <sup>(2)</sup>	230.936	177.459
AB InBev Group Companies <sup>(3)</sup>	125.960	69.440
AG Anadolu Grubu Holding A.Ş. <sup>(1) (*)</sup>	48.697	-
Other	9.263	11.496
	<b>414.856</b>	<b>258.395</b>

The Group has TRL354 short term deferred revenue TRL6.406 long term deferred revenue related to AG Anadolu Grubu Holding A.Ş <sup>(1)</sup>. (December 31, 2018 - short term deferred revenue TRL147, long term deferred revenue TRL376) (Note 13).

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### NOTE 31. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

#### b) Transactions with Related Parties

##### Due to Related Parties

	December 31, 2019	December 31, 2018
AB InBev Group Companies <sup>(3)</sup>	473.482	259.479
Oyex Handels GmbH <sup>(2)</sup>	8.277	14.496
Other	4.545	8.603
	<b>486.304</b>	<b>282.578</b>

<sup>(1)</sup> The shareholder of the Group

<sup>(2)</sup> Related party of AG Anadolu Grubu Holding A.Ş. (a shareholder)

<sup>(3)</sup> Related parties of AB Inbev Harmony Ltd. (a shareholder)

<sup>(4)</sup> According to TFRS 16, there are TRL27.303 short term and TRL21.394 long term sub-lease receivables totaling TRL48.697.

##### Purchases of Goods, Services and Donations

	Nature of transaction	2019	2018
Ab InBev Group Companies <sup>(3)</sup>	Service and Purchase of Trade Goods	162.712	189.539
Anadolu Efes Spor Kulübü	Service	110.750	63.250
Oyex Handels GmbH <sup>(2)</sup>	Purchase of Materials and Fixed Assets	44.605	58.669
AG Anadolu Grubu Holding A.Ş. <sup>(1)</sup>	Consultancy Service	46.756	38.495
Çelik Motor Ticaret A.Ş. <sup>(2)</sup>	Vehicle Leasing	5.151	37.942
Efestur Turizm İşletmeleri A.Ş. <sup>(2)</sup>	Travel and Accommodation	14.893	10.948
Anadolu Bilişim Hizmetleri A.Ş. <sup>(2) (4)</sup>	Information Service	1.728	2.561
Other		18.535	14.199
		<b>405.130</b>	<b>415.603</b>

##### Financial Income and Expense

	Nature of transaction	2019	2018
Brandbev SARL <sup>(3)</sup>	Interest expense	(35.625)	(34.568)
AG Anadolu Grubu Holding A.Ş. <sup>(1)</sup>	Interest income from subleases	10.166	-
Çelik Motor Ticaret A.Ş. <sup>(2)</sup>	Interest expense from leases	(971)	-
Çelik Motor Ticaret A.Ş. <sup>(2)</sup>	Gain arising from the termination of lease agreements	165	-
		<b>(26.265)</b>	<b>(34.568)</b>

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#### Revenue and Other Income/(Expenses), Net

	Nature of transaction	2019	2018
Migros Group Companies <sup>(2)</sup>	Sales Income	788.096	594.580
Ab Inbev Group Companies <sup>(3)</sup>	Other Income	54.560	40.451
Other	Other Income	2.439	3.140
		<b>845.095</b>	<b>638.171</b>

<sup>(1)</sup> The shareholder of the Group

<sup>(2)</sup> Related party of AG Anadolu Grubu Holding A.Ş. (a shareholder)

<sup>(3)</sup> Related parties of AB Inbev Harmony Ltd. (a shareholder)

<sup>(4)</sup> The Group's long term financial asset.

#### Director's remuneration

As of December 31, 2019 and 2018, total benefits to Anadolu Efes Board of Directors are TRL484 and TRL424, respectively. Remuneration and similar benefits received by total executive members of the Board of Directors and executive directors as of December 31, 2019 and 2018 are as follows:

	2019	2018
Short-term employee benefits	45.383	43.810
Other long term benefits	5.052	5.509
Termination benefits	-	291
Post-employment benefits	-	-
Share-based payments	-	-
	<b>50.435</b>	<b>49.610</b>

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#### NOTE 32. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

##### a) 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 (IRS) agreement. Total outstanding amount of IRS agreements was USD43 million as of December 31, 2019 (December 31, 2018 - USD43 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.

The Group's financial instruments sensitive to interest rate risk is as follows:

	2019	2018
<b>Financial instruments with fixed interest rate</b>		
Financial assets		
Financial assets at fair value through profit or loss	5.463.709	3.957.127
Financial liabilities	(9.032.725)	(7.519.472)
<b>Financial instruments with floating interest rate</b>		
Financial liabilities	(1.071.265)	(1.709.208)

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:

	2019	2018
Change in EURO denominated borrowing interest rate	1.472	2.275
Change in USD denominated borrowing interest rate	715	634
Change in Other denominated borrowing interest rate	672	1.543
<b>Total</b>	<b>2.859</b>	<b>4.452</b>

##### b) Foreign Currency Risk

Foreign currency risk generally arises from the EURO and USD denominated assets and liabilities of the Group. The Group has transactional currency exposures. Such exposures arise from sales or purchases of goods and services or borrowings of the Group in currencies other than the functional currency. The Group manages short term foreign currency risk by balancing foreign currency denominated assets and liabilities. The Group designates certain part of its bank deposits for the future raw material purchases, operational expense and interest related payments Note 6 Group'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.

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#### .NOTE 32. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

##### b) Foreign Currency Risk (continued)

Net foreign currency exposure for the consolidated Group companies as of December 31, 2019 and December 2018 are presented below:

Foreign Currency Position Table						
December 31, 2019						
	Total TRL Equivalent	Thousand USD	Total TRL Equivalent	Thousand EURO	Total TRL Equivalent	Other Foreign Currency TRL
1. Trade Receivables and Due from Related Parties	171.337	19.874	118.057	7.358	48.938	4.342
2a. Monetary Financial Assets (Cash and cash equivalents included)	1.921.549	307.788	1.828.324	10.004	66.533	26.692
2b. Non- monetary Financial Assets	160.168	24.429	145.111	2.264	15.057	-
3. Other Current Assets and Receivables	25.500	-	-	3.834	25.500	-
<b>4. Current Assets (1+2+3)</b>	<b>2.278.554</b>	<b>352.091</b>	<b>2.091.492</b>	<b>23.460</b>	<b>156.028</b>	<b>31.034</b>
5. Trade Receivables and Due from Related Parties	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-
7. Other	-	-	-	-	-	-
<b>8. Non-Current Assets (5+6+7)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9. Total Assets (4+8)</b>	<b>2.278.554</b>	<b>352.091</b>	<b>2.091.492</b>	<b>23.460</b>	<b>156.028</b>	<b>31.034</b>
10. Trade Payables and Due to Related Parties	(1.038.947)	(102.564)	(609.249)	(57.671)	(383.549)	(46.149)
11. Short- term Borrowings and Current Portion of Long- term Borrowings	(1.263.835)	(132.434)	(786.686)	(71.744)	(477.141)	(8)
12a. Monetary Other Liabilities	(8.013)	(974)	(5.785)	(335)	(2.228)	-
12b. Non-monetary Other Liabilities	(14.019)	(2.360)	(14.019)	-	-	-
<b>13. Current Liabilities (10+11+12)</b>	<b>(2.324.814)</b>	<b>(238.332)</b>	<b>(1.415.739)</b>	<b>(129.750)</b>	<b>(862.918)</b>	<b>(46.157)</b>
14. Trade Payables and Due to Related Parties	(9.973)	-	-	(1.499)	(9.969)	(4)
15. Long-Term Borrowings	(6.574.241)	(971.939)	(5.773.513)	(120.393)	(800.686)	(42)
16 a. Monetary Other Liabilities	(209.204)	(35.218)	(209.204)	-	-	-
16 b. Non-monetary Other Liabilities	(2)	-	(2)	-	-	-
<b>17. Non-Current Liabilities (14+15+16)</b>	<b>(6.793.420)</b>	<b>(1.007.157)</b>	<b>(5.982.719)</b>	<b>(121.892)</b>	<b>(810.655)</b>	<b>(46)</b>
<b>18. Total Liabilities (13+17)</b>	<b>(9.118.234)</b>	<b>(1.245.489)</b>	<b>(7.398.458)</b>	<b>(251.642)</b>	<b>(1.673.573)</b>	<b>(46.203)</b>
<b>19. Off Statement of Financial Position Derivative Items' Net Asset/(Liability) Position (19a+19b)</b>	<b>4.973.484</b>	<b>781.279</b>	<b>4.640.954</b>	<b>50.000</b>	<b>332.530</b>	<b>-</b>
<b>19a. Total Hedged Assets (*)</b>	<b>4.973.484</b>	<b>781.279</b>	<b>4.640.954</b>	<b>50.000</b>	<b>332.530</b>	<b>-</b>
<b>19b. Total Hedged Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>20. Net Foreign Currency Asset/(Liability) Position (9+18+19)</b>	<b>(1.866.196)</b>	<b>(112.119)</b>	<b>(666.012)</b>	<b>(178.182)</b>	<b>(1.185.015)</b>	<b>(15.169)</b>
<b>21. Monetary Items Net Foreign Currency Asset/(Liability) Position (1+2a+5+6a+10+11+12a+14+15+16a)</b>	<b>(7.011.327)</b>	<b>(915.467)</b>	<b>(5.438.056)</b>	<b>(234.280)</b>	<b>(1.558.102)</b>	<b>(15.169)</b>
<b>22. Total Fair Value of Financial Instruments Used to Manage the Foreign Currency Position</b>	<b>(3.708)</b>	<b>(573)</b>	<b>(3.403)</b>	<b>-</b>	<b>-</b>	<b>(305)</b>
<b>23. Total value of Hedged Foreign Currency Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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#### Foreign Currency Position Table

December 31, 2018

	Total TRL Equivalent	Thousand USD	Total TRL Equivalent	Thousand EURO	Total TRL Equivalent	Other Foreign Currency TRL
1. Trade Receivables and Due from Related Parties	115.657	12.148	63.912	8.079	48.701	3.044
2a. Monetary Financial Assets (Cash and cash equivalents included)	1.720.097	289.529	1.523.181	19.394	116.907	80.009
2b. Non- monetary Financial Assets	10.362	-	-	1.719	10.362	-
3. Other Current Assets and Receivables	22.265	365	1.918	3.375	20.343	4
<b>4. Current Assets (1+2+3)</b>	<b>1.868.381</b>	<b>302.042</b>	<b>1.589.011</b>	<b>32.567</b>	<b>196.313</b>	<b>83.057</b>
5. Trade Receivables and Due from Related Parties	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-
7. Other	3.438	6	31	564	3.400	8
<b>8. Non-Current Assets (5+6+7)</b>	<b>3.438</b>	<b>6</b>	<b>31</b>	<b>564</b>	<b>3.400</b>	<b>8</b>
<b>9. Total Assets (4+8)</b>	<b>1.871.820</b>	<b>302.048</b>	<b>1.589.042</b>	<b>33.131</b>	<b>199.713</b>	<b>83.065</b>
10. Trade Payables and Due to Related Parties	(908.912)	(110.335)	(580.464)	(50.453)	(304.131)	(24.317)
11. Short- term Borrowings and Current Portion of Long- term Borrowings	(1.498.428)	(84.459)	(444.330)	(174.867)	(1.054.098)	-
12a. Monetary Other Liabilities	(4.794)	(199)	(1.045)	(622)	(3.749)	-
12b. Non-monetary Other Liabilities	(12.416)	(2.360)	(12.416)	-	-	-
<b>13. Current Liabilities (10+11+12)</b>	<b>(2.424.550)</b>	<b>(197.353)</b>	<b>(1.038.255)</b>	<b>(225.942)</b>	<b>(1.361.978)</b>	<b>(24.317)</b>
14. Trade Payables and Due to Related Parties	(5.338)	-	-	(885)	(5.335)	(3)
15. Long-Term Borrowings	(6.398.523)	(1.108.985)	(5.834.260)	(93.607)	(564.263)	-
16 a. Monetary Other Liabilities	(2)	-	(2)	-	-	-
16 b. Non-monetary Other Liabilities	(198.022)	(37.640)	(198.022)	-	-	-
<b>17. Non-Current Liabilities (14+15+16)</b>	<b>(6.601.885)</b>	<b>(1.146.625)</b>	<b>(6.032.284)</b>	<b>(94.492)</b>	<b>(569.598)</b>	<b>(3)</b>
<b>18. Total Liabilities (13+17)</b>	<b>(9.026.435)</b>	<b>(1.343.978)</b>	<b>(7.070.539)</b>	<b>(320.434)</b>	<b>(1.931.576)</b>	<b>(24.320)</b>
<b>19. Off Statement of Financial Position Derivative Items' Net Asset/(Liability) Position (19a+19b)</b>	<b>4.713.031</b>	<b>781.279</b>	<b>4.110.231</b>	<b>100.000</b>	<b>602.800</b>	<b>-</b>
<b>19a. Total Hedged Assets <sup>(1)</sup></b>	<b>4.713.031</b>	<b>781.279</b>	<b>4.110.231</b>	<b>100.000</b>	<b>602.800</b>	<b>-</b>
<b>19b. Total Hedged Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>20. Net Foreign Currency Asset/(Liability) Position (9+18+19)</b>	<b>(2.441.584)</b>	<b>(260.651)</b>	<b>(1.371.266)</b>	<b>(187.302)</b>	<b>(1.129.063)</b>	<b>58.745</b>
<b>21. Monetary Items Net Foreign Currency Asset/(Liability) Position (1+2a+5+6a+10+11+12a+14+15+16a)</b>	<b>(6.980.243)</b>	<b>(1.002.301)</b>	<b>(5.273.008)</b>	<b>(292.961)</b>	<b>(1.765.968)</b>	<b>58.733</b>
<b>22. Total Fair Value of Financial Instruments Used to Manage the Foreign Currency Position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>23. Total value of Hedged Foreign Currency Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>(1)</sup> In order to hedge foreign exchange risk arising from the translation of net investments in the subsidiaries operating in the Netherlands to Turkish Lira, the USD denominated bonds and the borrowings denominated in EURO have been designated as hedges of net investment risk.

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#### NOTE 32. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

##### b) Foreign Currency Risk (continued)

The information regarding the export and import figures realized as of December 31, 2019 and 2018 is as follows:

	2019	2018
Total Export	600.638	567.491
Total Import	4.242.289	3.376.887

The following table demonstrates the sensitivity analysis of foreign currency as of December 31, 2019 and 2018:

	Foreign Currency Position Sensitivity Analysis			
	December 31, 2019 <sup>(*)</sup>		December 31, 2018 <sup>(*)</sup>	
	Income/(Loss)			
	Increase of the foreign currency	Decrease of the foreign currency	Increase of the foreign currency	Decrease of the foreign currency
<b>Increase/decrease in USD by 10%:</b>				
USD denominated net asset/(liability)	(543.806)	543.806	(527.301)	527.301
USD denominated hedging instruments (-)	464.095	(464.095)	411.023	(411.023)
<b>Net effect in USD</b>	<b>(79.711)</b>	<b>79.711</b>	<b>(116.278)</b>	<b>116.278</b>
<b>Increase/decrease in EURO by 10%:</b>				
EURO denominated net asset/(liability)	(155.810)	155.810	(176.597)	176.597
EURO denominated hedging instruments (-)	33.253	(33.253)	60.280	(60.280)
<b>Net effect in EURO</b>	<b>(122.557)</b>	<b>122.557</b>	<b>(116.317)</b>	<b>116.317</b>
<b>Increase/decrease in other foreign currencies by 10%:</b>				
Other foreign currency denominated net asset/(liability)	(1.517)	1.517	5.873	(5.873)
Other foreign currency hedging instruments (-)	-	-	-	-
<b>Net effect in other foreign currency</b>	<b>(1.517)</b>	<b>1.517</b>	<b>5.873</b>	<b>(5.873)</b>
<b>TOTAL</b>	<b>(203.785)</b>	<b>203.785</b>	<b>(226.722)</b>	<b>226.722</b>

<sup>(\*)</sup> Monetary assets and liabilities eliminated in scope of consolidation are not included.

##### c) Foreign Currency Hedge of Net Investments in Foreign Operations

The Group designated denominated bond issued amounting to USD500 million as of January 1, 2018 and EURO100 million as of April 1, 2018 as a hedging instrument in order to hedge its foreign currency risk arising from the translation of net assets of its subsidiary located in Netherlands, Efes Breweries International (whose main activity is facilitating foreign investments in breweries). The Group paid loan amounting to EURO50 million in December 2019 and as of 31 December 2019, the Group has EURO50 million as hedging instrument in EURO currency.

As of April 1, 2018, CCI designated USD 281 million out of USD denominated bond issued amounting to USD500 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 effective part of the change in the value of the bonds and loans designated as hedging of net investments amounting to TRL572.837 (TRL426.815 - 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 (31 December 2018 - TRL1.229.608 (TRL959.094 - including deferred tax effect)).

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#### NOTE 32. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

##### d) Liquidity Risk

Liquidity risk is the risk that an entity will be unable to meet its net funding requirements. The risk is mitigated by matching the cash in and out flow volume supported by committed lending limits from qualified credit institutions. The Group also reduces the risk by preferring long-term debt.

The analysis of non-derivative financial liabilities as at 31 December 2019 and 2018 in the statement of financial position is as follows:

2019	Carrying value	Contractual payment (=I+II+III+IV)	Less than 3month (I)	Between 3-12 month (II)	Between 1-5 year (III)	More than 5 year (IV)
<b>Contractual maturities</b>						
Financial liabilities	10.103.990	11.909.417	1.195.006	1.530.481	9.127.694	56.236
Financial leasing borrowings	446.051	693.097	37.978	125.994	166.199	362.926
Trade payable and due to related parties	5.304.586	5.304.586	4.657.568	1.070.430	(429.102)	5.690
Liability for put option	223.223	223.223	-	14.019	209.204	-
Employee Benefit Obligations	81.955	81.955	81.955	-	-	-
<b>Total</b>	<b>16.159.805</b>	<b>18.212.278</b>	<b>5.972.507</b>	<b>2.740.924</b>	<b>9.073.995</b>	<b>424.852</b>
2018						
<b>Contractual maturities</b>						
Financial liabilities	9.228.680	10.595.777	985.518	1.654.440	5.284.259	2.671.560
Trade payable and due to related parties	3.644.817	3.644.817	3.076.564	554.930	6.203	7.120
Liability for put option	210.436	210.436	-	12.416	198.020	-
Employee Benefit Obligations	77.035	77.035	77.035	-	-	-
<b>Total</b>	<b>13.160.968</b>	<b>14.528.065</b>	<b>4.139.117</b>	<b>2.221.786</b>	<b>5.488.482</b>	<b>2.678.680</b>

##### e) Price Risk

This is a combination of currency, interest and market risks which the Group manages through natural hedges that arise from offsetting the same currency receivables and payables, interest bearing assets and liabilities. Market risk is closely monitored by the management using the available market information and appropriate valuation methods.

##### f) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by limiting transactions with specific counterparties and assessing the creditworthiness of the counterparties.

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.

The Group seeks to manage its credit risk exposure through diversification of sales activities to avoid undue concentrations of risks with individuals or groups of customers in specific locations or businesses. The Group keeps guarantees for a part of its receivables by means of DDS (Direct Debit System). The Group also obtains guarantees from the customers when appropriate and keep considerable portion of the receivables under guarantee.

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#### NOTE 32. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

##### f) Credit Risk (continued)

Maximum exposure to credit risk and aging of financial assets past due but not impaired as of December 31, 2019 and 2018 are disclosed as below:

Current Year	Receivables				Deposits	Derivative Instruments
	Trade Receivables		Other Receivables			
	Due from related parties	Due from third parties	Due from related parties	Due from third parties		
<b>Maximum exposure to credit risk at the end of reporting period (A+B+C+D+E)</b>	<b>290.784</b>	<b>2.438.036</b>	<b>102.678</b>	<b>118.237</b>	<b>6.101.695</b>	<b>3.492</b>
- Maximum credit risk secured by guarantees	<b>184.614</b>	<b>1.160.129</b>	-	-	-	-
	-	-	-	-	-	-
A. Net carrying amount of financial assets that are neither past due nor impaired	<b>284.757</b>	<b>2.329.579</b>	<b>102.678</b>	<b>102.342</b>	<b>6.101.695</b>	<b>3.492</b>
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	<b>6.027</b>	<b>110.208</b>	-	<b>15.895</b>	-	-
- Under guarantee, securities and credit insurance	-	<b>47.494</b>	-	-	-	-
D. Net carrying amount of financial assets impaired	-	<b>(1.751)</b>	-	-	-	-
- past due (gross carrying value)	-	<b>114.132</b>	-	-	-	-
- impaired (-)	-	<b>(115.883)</b>	-	-	-	-
- Net carrying amount of financial assets under guarantee, securities and credit insurance	-	<b>(1.751)</b>	-	-	-	-
- not past due (gross carrying value)	-	-	-	-	-	-
- impaired (-)	-	-	-	-	-	-
- Net carrying amount of financial assets under guarantee, securities and credit insurance	-	-	-	-	-	-
E. Off- balance sheet items which include credit risk	-	-	-	-	-	-
<b>Current Year</b>			<b>Trade Receivables</b>	<b>Other Receivables</b>	<b>Deposits</b>	<b>Derivative Instruments</b>
<b>Past due between 1-30 days</b>			<b>76.896</b>	-	-	-
<b>Past due between 1-3 months</b>			<b>14.272</b>	-	-	-
<b>Past due between 3-12 months</b>			<b>3.726</b>	-	-	-
<b>Past due for more than 1 year</b>			<b>15.314</b>	-	-	-

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#### NOTE 32. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

##### f) Credit Risk (continued)

	Receivables				Deposits	Derivative Instruments
	Trade Receivables		Other Receivables			
	Due from related parties	Due from third parties	Due from related parties	Due from third parties		
Prior Year						
<b>Maximum exposure to credit risk at the end of reporting period (A+B+C+D+E)</b>	230.018	2.185.223	28.377	126.517	4.616.661	47.010
- Maximum credit risk secured by guarantees	66.023	1.302.984	-	-	-	-
A. Net carrying amount of financial assets that are neither past due nor impaired	225.296	2.062.132	28.377	115.335	4.616.661	47.010
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	116.673	-	11.182	-	-
- Under guarantee, securities and credit insurance	-	19.488	-	-	-	-
D. Net carrying amount of financial assets impaired	-	6.418	-	-	-	-
- past due (gross carrying value)	-	104.792	-	-	-	-
- impaired (-)	-	(98.374)	-	-	-	-
- Net carrying amount of financial assets under guarantee, securities and credit insurance	-	6.418	-	-	-	-
- not past due (gross carrying value)	-	-	-	-	-	-
- impaired (-)	-	-	-	-	-	-
- Net carrying amount of financial assets under guarantee, securities and credit insurance	-	-	-	-	-	-
E. Off- balance sheet items which include credit risk	-	-	-	-	-	-

Prior Year	Trade Receivables	Other Receivables	Deposits	Derivative Instruments
Past due between 1-30 days	70.193	-	-	-
Past due between 1-3 months	34.100	-	-	-
Past due between 3-12 months	6.776	-	-	-
Past due for more than 1 year	5.604	-	-	-

##### g) Capital Risk Management

The Group's policy is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group periodically measures Net Debt to EBITDA ratio to maintain capital risk management. Net Debt is calculated by deducting cash and cash equivalents from total borrowing.

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#### NOTE 33. FINANCIAL INSTRUMENTS

##### 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.

The financial assets and liabilities which are denominated in foreign currencies are evaluated by the foreign exchange rates prevailing on the date of balance sheet which approximate to market rates. The following methods and assumptions were used to estimate the fair value of each class of financial instrument of the Group for which it is practicable to estimate a fair value:

##### a) Financial Assets

The fair values of certain financial assets carried at cost in the consolidated financial statements, including cash and cash equivalents plus the respective accrued interest and other financial assets are considered to approximate their respective carrying values due to their short-term nature and negligible credit losses. The carrying value of trade receivables along with the related allowance for unearned income and uncollectibility are estimated to be their fair values.

##### b) Financial Liabilities

Trade payables and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature. The bank borrowings are stated at their amortized costs and transaction costs are included in the initial measurement of loans and bank borrowings. The fair value of bank borrowings are considered to state their respective carrying values since the interest rate applied to bank loans and borrowings are updated periodically by the lender to reflect active market price quotations. The carrying value of trade payables along with the related allowance for unrealized cost is estimated to be their fair values.

##### Fair value hierarchy table

The Group classifies the fair value measurement of each class of financial instruments according to the source, using the three-level hierarchy, as follows

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

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

Level 3: Valuation techniques not containing observable market inputs.

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#### NOTE 33. FINANCIAL INSTRUMENTS (continued)

Current Year	Level 1	Level 2	Level 3
<b>Financial assets at fair value</b>	-	-	-
Derivative financial instruments (Note 8)	-	-	-
<b>Financial liabilities at fair value</b>	-	-	-
Derivative financial instruments (Note 8)	-	(9.868)	-
Put option liabilities (Note 21)	14.019	-	209.204
Prior Year	Level 1	Level 2	Level 3
Financial assets at fair value	-	-	-
Derivative financial instruments (Note 8)	-	17.178	-
Financial liabilities at fair value	-	-	-
Derivative financial instruments (Note 8)	-	-	-
Put option liabilities (Note 21)	12.416	-	198.020

#### Derivative Instruments, Risk Management Objectives and Policies

Derivative instruments and hedging transactions are explained in Note 6 and Note 8.

#### NOTE 34. EXPLANATORY INFORMATION ON STATEMENT OF CASH FLOWS

##### a) Adjustments for Impairment Loss (Reversal)

	2019	2018
Adjustments for impairment loss (reversal of impairment) of property, plant and equipment (Note 16)	36.864	27.597
Adjustments for impairment loss (reversal of impairment) of receivables (Note 10, 26)	11.515	18.677
Adjustments for impairment loss (reversal of impairment) of inventories (Note 12, 26)	32.729	6.124
Adjustments for impairment loss (reversal of impairment) of intangible assets (Note 17)	67.776	103.894
	148.884	156.292

##### b) Adjustments for (Reversal of) Provisions Related with Employee Benefits

	2019	2018
Provision for vacation pay liability (Note 20)	13.865	11.732
Provision for retirement pay liability (Note 20)	53.739	36.675
Provision for seniority bonus (Note 20)	13.517	23.739
	81.121	72.146

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#### NOTE 34. EXPLANATORY INFORMATION ON STATEMENT OF CASH FLOWS (continued)

##### c) Adjustments for Interest (Income) Expenses

	2019	2018
Adjustments for interest income (Note 28)	<b>(265.247)</b>	(296.027)
Adjustments for interest expenses (Note 28)	<b>538.744</b>	555.814
Adjustments for interest income income sub-lease receivables	<b>(10.220)</b>	-
Adjustments for interest income expense related to leases	<b>51.188</b>	-
	<b>314.465</b>	259.787

##### d) Cash Flows From (used in) Investing Activities

	2019	2018
Cash inflows due to commitments determined within the scope of the business combination (Note 3)	-	193.614
Capital increases made by non-controlling shareholders	-	42.890
	-	236.504

##### e) Cash Flows From (used in) Financing Activities

	2019	2018
Income/(loss) from cash flow hedge	<b>(37.463)</b>	(224.588)
Change in time deposits with maturity more than three months	<b>(356.855)</b>	67.425
	<b>(394.318)</b>	(157.163)

##### f) Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments

	2019	2018
Adjustments for fair value (gains) losses on derivative financial instruments	<b>48.594</b>	16.347
Put option revaluation	<b>(14.384)</b>	-
	<b>34.210</b>	16.347

#### NOTE 35. EVENTS AFTER REPORTING PERIOD

- a) As presented in KAP declarations dated January 21, 2020, CCI 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 hold as at 21 January 2020, Group's management were authorized to finalize the negotiations. Financially, Group's consolidated net sales revenue and consolidated EBITDA consist of 1,0% and 0,1% Doğadan's contribution respectively.
- b) Efes Breweries International N.V.'s loan agreement with 43million USD amount, whose maturity date was 6 January 2020, has been terminated together with the Company's sponsorship for this loan and the interest rate swap signed on 8 June 2015 in order to mitigate interest rate risk.

## ABBREVIATIONS

<b>1 Hectoliter</b>	100 Liters
<b>1 Unit Case</b>	5,678 Liters
<b>BNRI</b>	Before non-recurring items
<b>BIST</b>	Borsa İstanbul
<b>EBITDA</b>	Earnings Before Interest, Taxes, Depreciation and Amortization
<b>HOD</b>	A rigid container with a 20-liter capacity
<b>CMB</b>	Capital Markets Board
<b>TCCC</b>	The Coca-Cola Company
<b>IFRS</b>	International Financial Reporting Standards
<b>n.m.</b>	not meaningful

## TERMS

<b>Coca-Cola System</b>	TCCC and all of its international bottling partners
<b>Sparkling Beverage</b>	Non-alcoholic beverages produced in a variety of flavors and containing different flavoring additives. The sparkling beverage category does not include plain waters, flavored waters, fruit juices, fruit-flavored beverages, sports drinks, teas, or coffees.
<b>Still Beverage</b>	All non-sparkling and non-alcoholic beverages such as plain waters, flavored waters, fruit juices, fruit-flavored beverages, sports drinks, teas, and coffees.
<b>Bottler</b>	Any company that obtains concentrates, various beverages, and/or syrups from TCCC readies them for consumption as non-alcoholic beverages, and markets and distributes them to customers.
<b>Bottler Agreement</b>	Any contract between TCCC and a bottler that governs the parties' respective production, packaging, distribution, and selling rights and obligations with respect to TCCC products within a designated territory.
<b>Concentrate</b>	Any product which TCCC makes or has made for it and which TCCC sells to bottlers so that they may produce non-alcoholic beverages by adding water and/or flavorings to it.
<b>Customer</b>	Any store, retail point of sale, restaurant, chain store, or other form of business enterprise that sells our products to its own customers.
<b>PET (polyethylene terephthalate)</b>	Type of a polyester (polyethylene terephthalate) used in the manufacture of beverage bottles

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